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Thursday,
18th August, 1955

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HOUSE OF THE PEOPLE

OFFICIAL REPORT

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Dated 06.02.2015

LOK SABHA

Thursday, 18th August 1955

The Lok Sabha met at Eleven of the Clock.

[MR. SPEAKER *in the Chair*]

ORAL ANSWERS TO QUESTIONS

Anti-Corruption Department

*853. **Shri Dabhi** : Will the Minister of **Home Affairs** be pleased to refer to the reply given to Starred Question No. 1724 on the 31st March, 1955 and state.

(a) whether the new Anti-Corruption Department has since started functioning; and

(b) if so what are its main functions?

The Deputy Minister of Home Affairs (Shri Datar) : (a) and (b). There is no separate "Anti-Corruption Department". However, an organisation named as the "Administrative Vigilance Division" has been created is the Home Ministry. Its functions are described in the attached note which I am placing on the Table of the House. [*See* Appendix V, annexure No. 60.]

Shri Dabhi: From the statement it is seen that the results achieved so far cannot be regarded as satisfactory. To some extent it may be satisfactory. May I have an idea of the results so far achieved ?

Shri Datar: This work was being carried on in different ways by the different Ministers.

Shri Dabhi: It is stated that "the Home Minister accordingly proposes that each Ministry should immediately nominate an officer etc., etc." May I know when this proposal will take effect ?

Shri Datar: This proposal has already started working, and the Director has already been appointed.

Shri M. L. Dwivedi : I want to know how many Vigilance Officers are going to be appointed in how many Departments and what will be the nancial implication of such appointments?

Shri Datar: All these things will be considered as and when necessary, because it is too early now. The Director has been appointed just now. The proposal is to have these officers, in he first instance, in four Ministries and then extend the scheme to others as the work increases.

Shri M. L. Dwivedi: Have no estimates been prepared?

Mr. Speaker: Order, order. Shri Bogawat.

Shri M. L. Dwivedi: A part of my question is still unanswered.

Mr. Speaker: The hon. Member is always arguing after an answer is given to his question. Shri Bogawat.

Shri Bogawat: Is it a fact that the Intelligence Department is not working satisfactorily and this Vigilance Department would work more efficiently than the Intelligence Department and that there would not be any illegal things happening in this Department also?

Shri Datar: My friend is possibly making a confusion. It is not the Intelligence Department, but the Special Police Establishment that deals with heavy cases.

Shri Kamath: The statement laid on the Table says that all the thinking on the subject has been done. May I know why Government is allergic to setting up a high power anti-corruption Committee or tribunal, wholly independent of the executive and not, as in the present case, Vigilance Officers subordinates to the Secretary, and if Government is not going to set up an independent body like this, will the new Department take cognizance of allegations against Ministers and Secretaries too ?

Mr. Speaker: Order, order. That is a suggestion.

hri Kamath : I withdraw....

Shri Datar: A hi'h power committee is not necessary at all. Secondly, all this work cannot be independent of the executive; we have to carry on the work through the executive.

Shri N.R. Muniswamy: May I know the *mod s ope andi* that is being proposed to be ad pted with regard to the coordination or correlation between the police force and the Department of Vigilance ?

Shri Datar: The whole point would be considered after this organisation has gained some experience.

Allahabad University

*854. **Shri Ibrahim:** Will the Minister of **Education** be pleased to state the amount of aid given by Centre to the Allahabad University annually during the last three years?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das): A statement giving the information is laid on the Table of the Lok Sabha. [*See* Appendix V, annexure No. 61]

Shri Ibrahim: May I know the usual procedure of grant to the University?

Dr. M.M. Das: The usual procedure is this. The University concerned sends its application to the University Grants Commission, The application is placed before a meeting of the members of the University Grants Commission. If it is thought necessary by the University Grants Commission, a visiting committee is set up which visits that particular university, enquires and gathers all information regarding the scheme of the university and makes its recommendations to the University Grants Commission. The University Grants Commission gives the grant on the recommendations of the visiting committee.

Shri Ibrahim: For what purposes has it been allotted ?

Dr. M. M. Das: If the hon. Member refers to his original question, then my reply is that the grants were given for furnishing science laboratories and science libraries.

Mr. Speaker: Dr. Satyawadi.

श्री नवल प्रभाकर : डा० सत्यवादी ने मुझे अधिकार पत्र दिया है ।

अध्यक्ष महोदय : वह बाद में आयेगा ।

जहाज से भेजे गये माल का बीमा

*८५७. **श्री रघुनाथ सिंह** : क्या वित्त मंत्री यह बताने की कृपा करेंगे कि तटवर्ती जहाजों और समुद्र पार जाने वाले जहाजों में ढोये गये माल के कितने प्रतिशत भाग का भारतीय और विदेशी कम्पनियों द्वारा बीमा किया गया?

राजस्व और असैनिक व्यय मंत्री (श्री एम० सी० शाह) : सरकार के पास यह सूचना नहीं है क्योंकि बीमा अधिनियम, १९३८ के अधीन बीमा कम्पनियों के लिये यह आवश्यक नहीं है कि वे जहाजों में ढोये गये माल के बीमे और अन्य प्रकार के समुद्री बीमे के सम्बन्ध में अलग अलग सूचना भेजें ।

श्री रघुनाथ सिंह : मैं यह जानना चाहता हूं कि जो सरकारी सामान जहाजों से आता है उस का स्वदेशी बीमा कम्पनियों में इन्श्योरेंस होता है या नहीं ।

Shri M. C. Shah: With regard to the question of insurance of goods that have been carried on behalf of the Government of India, I may say that we have no insurance on such goods.

श्री रघुनाथ सिंह : सरकार ने इस साल के अन्दर अब तक कितना रुपया सामान लाने के वास्ते फारेन इन्श्योरेंस कम्पनियों को दिया है ?

Shri M. C. Shah: As I stated, the Government do not insure the goods that have been brought here on behalf of the Government of India, So, the question does not arise.

Sports Organisations

*858. **Shri V. P. Nayar:** Will the Minister of **Education** be pleased to state: (a) whether it is a fact that Government have laid down certain conditions which are required to be fulfilled by the Sports Organisations before any grants are made to them; and

(b) if so, the nature of such conditions ?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das): ( ) Yes, Sir.

(b) A statement of conditions for making grants is laid on the Table of the House. [*See* Appendix V, annexure No. 62]

Shri V. P. Nayar: I find from the statement that the conditions laid down have reference to one or other requirements in the matter of keeping accounts. May I now whether Government propose to give funds to the vari us sports organisations in respect of disjointed plans or whether such funds will be given only when the plans are consistent with the plan for the all-India structure ?

Dr. M. M. Das: The schemes that will be sent by the different sports organisations who want to get some financial help from the Central Government, will be sent to the All-India Council of Sports, and the Central Government will give grants on the recommendation of the Council of Sports.

Shri V. P. Nayar: In view of the fact that there is a lot of public criticism about the manner of functioning of the various sports organisations and also in view of the fact that some of the sports organisations have earned a well-deserved disrepute, may I know whether Gov rnment have any proposals to see that every pie of money given to such organisations is utilised for the proper purpose, for the encouragement of sports ?

Dr. M. M. Das: If the hon. Member goes through the conditions that have been laid down in the statement, he will b e convinced that these are the purposes for which these conditions have been laid down.

Shri Jaipal Singh: May I know the reasons why the Ministry of Education is short-circuited in this particular regard by the Ministry of Health ? May I know whether any sums have been given through the hon. Minister of Health to spend for sports organisations ? If they have been given why were the grants not made through the Ministry of Education ?

Dr. M. M. Das: I think this question may be profitably put either to the Ministry of Finance or the Ministry of Health.

Shri V. P. Nayar: May I put one more question ?

Mr. Speaker : No. Next question.

Accidents to Destroyers

*859. **Dr. Rama Rao:** Will the Minister of **Defence** be pleased to state:

(a) whether it is a fact that a collision has occurred between the Destroyers I.N.S. Ranjit and I.N.S. Rajput in mid-sea, 600 miles west of Bombay;

(b) if so, whether any enquiry has been instituted to ascertain the causes of the collision; and

(c) the cost of the necessary repairs to the Destroyers ?

The Deputy Minister of Defence (Sardar Majithia): (a) Yes.

(b) Yes.

(c) R.s. 52,000/-

Dr. Rama Rao: May I know the names of the officers who were in command at the time of this collision ?

Sardar Majithia: It has hardly any bearing on the question. I shall require notice, in any case, because that is a further detail.

Dr. Rama Rao: May I know if the enquiry has been able to reveal the responsibility of the officer for this collision ?

Sardar Majithia. Yes. It was through the partial breakdown in the steering gear that the collision occurred.

Dr. Rama Rao: May I know the expert's opinion about this ? It appears to ordinary mortals that this is a very strange collision on the high seas.

Sardar Majithia. I do not think there is anything very strange about it; when you are carrying out intricate manoeuvres at very high speed, f a partial breakdown occurs, you are bound to have it.

Shri G. S. Singh: May I know whether this breakdown was due to the intricacy of the manoeuvres or due to the normal fatigue of the machinery concerned ?

Sardar Majithia: I am afraid I do not know whether it was due to normal fatigue or to intricate manoeuvres, but as I said, it was due to a partial breakdown of the steering gear.

राजनैतिक पीड़ित

*८६०. **श्री भक्त दर्शन :** क्या गृह-कार्य मंत्री ६ अप्रैल, १९५५ को दिये गये तारांकित प्रश्न संख्या २१०२ से उत्पन्न होने वाले एक अनुपूरक प्रश्न के सम्बन्ध में यह बताने की कृपा करेंगे कि :

(क) स्वतन्त्रता आन्दोलन में राजनैतिक पीड़ितों को वित्तीय सहायता देने की योजना के सम्बन्ध में क्या तब से कोई निश्चय किया गया है ; और

(ख) यदि हां, तो क्या उस की एक प्रति सभा-पटल पर रखी जायेगी ?

गृह-कार्य उपमंत्री (श्री बातार) : (क) खेद है कि ६ अप्रैल को प्रश्न संख्या

२१०२ में पूछे गये एक अनुपूरक प्रश्न का उत्तर मैं ने एक गलत फैहमी में दिया था जो वास्तव में राजनीतिक पेन्शन से सम्बन्ध रखता था। वास्तविक स्थिति यह है कि सारे प्रश्न पर १९५० में विस्तार पूर्वक विचार किया गया था तब यह निर्णय हुआ कि यह राजनीतिक पीड़ितों का मामला शुरू से ही राज्य सरकार के विचार योग्य था।

(ख) प्रश्न नहीं उठता।

श्री भक्त दर्शन : क्या भारत सरकार ने इस बात को मालूम करने का प्रयत्न किया है कि १८५७ से ले कर १९४७ तक जितने भी स्वाधीनता संग्राम हुए हैं उन में कितने लोग शहीद हुए हैं, कितनों के परिवार दुःख में हैं, और क्या इस सम्बन्ध में राज्य सरकारों को कोई हिदायतें भी दी गई हैं ?

Shri Datar: So far as the general question is concerned, it has been left to the State Governments concerned and it is for them to make enquiries and give them such relief as they are entitled to.

श्री भक्त दर्शन : क्या इस सम्बन्ध में यह बात स्पष्ट करदी गई है कि इस सम्बन्ध में केवल कांग्रेस के राजनीतिक आन्दोलनों के पीड़ितों को ही सम्मिलित न किया जाय बल्कि और भी राजनीतिक पीड़ित जैसे आजाद हिन्द फौज, पेशावर काण्ड के गढ़वाली सैनिक, फारवर्ड ब्लाक और इसी तरह से और जो आतंकवादी राजनीतिक पीड़ित हैं उन को भी सम्मिलित किया जाय ?

Shri Datar: The words 'political sufferer' had been taken in a general sense all persons who had suffered in the cause of the Nation, to whichever party they belonged.

पंडित डी० एन० तिवारी : क्या सरकार को मालूम है कि यह राजनीतिक पीड़ितों का प्रश्न इतना वृहद् और इतना विस्तृत है कि राज्य सरकारें सको ठीक तरह से हल कर नहीं सकती हैं और न ही उनके पास इतने साधन हैं कि राजनैतिक पीड़ितों को वह ठीक तरह से मुआवजा दे सकें।

Shri Datar: The position that has been placed before the House by the hon. Member is not correct. The State Governments are fully seized of this question and they are dealing with it in as satisfactory a manner as possible.

पंडित डी० एन० तिवारी : क्या सरकार को मालूम है कि राजनीतिक पीड़ितों को उन की दशा सुधारने के लिए ७५ और ८० रु० दिये जा रहे हैं ?

Shri Datar: I did not follow the latter part.

Mr. Speaker: That is a matter of detail. We had better go to the next question.

Industrial Finance Corporation

***861. Dr. Ram Subagh Singh:** Will the Minister of **Finance** be pleased to state:

(a) the number of new industries that have been set up with the assistance given by the Industrial Finance Corporation; and

(b) the number among them which have gone into production?

The Minister for Revenue and Defence Expenditure (Shri A. C. Guha): (a) According to the I.F.C. classification—factories going into production after 15th August, 1947 are considered new undertakings. If the Honourable Member wants information about these industrial undertakings then 53 such factories representing various types of industries have received loans from the Industrial Finance Corporation—though these might not have been actually set up with this assistance.

(b) 47 factories have gone into production.

Dr. Ram Subhag Singh: May I know the number of factories which have gone into production and have paid back the loans that were advanced to them by the Industrial Finance Corporation ?

Shri A. C. Guha: I have already given the number—47 factories. I do not think any of these concerns have fully paid back the loans; they must have been paying the instalments.

Dr. Ram Subhag Singh: How many of the new industrial concerns set up with the assistance of the Industrial Finance Corporation have collapsed ?

Shri A. C. Guha: Four have since stopped production.

Dr. Ram Subhag Singh: May I know the minimum and maximum amounts of loans given to the factories which have gone into production and those which have collapsed ?

Shri A. C. Guha: The biggest factory which had stopped production is the Sodepur Glass Works. I think the loan amount may be Rs. 50 lakhs after the Corporation took over the management of this concern, it must have spent at least another Rs. 50 lakhs for running it. I have not got the break-up with me for the other concerns.

Shri Bhagwat Jha Azad: What is the total amount that has been granted by the Corporation to the new companies by now.

Shri A. C. Guha: It will be found in the annual report. Anyhow, I may say that it is Rs. 15,22,50,000 upto 30.6.55.

Shri T. S. A. Chettiar: Have there been any cases in which the Corporation had to take court action due to the reason that the funds were not utilised properly ?

Shri A. C. Guha: I do not think there has been any such case. Only six factories have not yet gone into production and the Corporation had been keeping a watch over these factories. Nothing has been reported to indicate that these factories have in any way been misusing the funds. There might have been some delay in their going into the production.

Medical Paratroopers Flight

*862. **Shri S. C. Samanta:** Will the Minister of **Defence** be pleased to state :

(a) when the Medical Paratroopers Flight of IAF was formed ;

(b) how and where they have proved successful in rushing medical aid to inaccessible areas in times of emergency;

(c) the number of lives saved by the doctors associated with the Flight; and

(d) the strength of the Flight at present ?

The Deputy Minister of Defence (Sardar Majithia:) (a) May, 1951.

(b) (i) An IAF Dakota Aircraft crashed in October 1952 near Sagalee Outpost in N.E.F.A. Of the three survivors, two were seriously burnt. No medical aid, other than the services of a Compounder, was available in the area and owing to the nature of the terrain, no further medical aid could have normally reached there for a considerable time. The Medical Paratroopers succeeded in saving the lives of the two Officers.

(i) An Army Officer was wounded on 14.3.53 at Kodak in the Suba siri Area of N.E.F.A. by the poisoned arrow of a tribesman. Owing to the inaccessible nature of the area, no medical aid could have normally reached him in less than two weeks. The Medical Paratroopers saved the life of the officer by providing timely medical aid.

(c) Three.

(d) The flight consists of three teams, each comprising one officer and four airmen.

Shri S. C. Samanta: May I know whether any medical paratrooper went to Sikkim at any time for help?

Sardar Majithia: I am not aware of that but on various occasions these teams have been standing by for any emergency.

Shri S. C. Samanta: May I know whether the Government have any paratroopes straining school and if so whether the medical personnel are also given further training ?

Sardar Majithia: No question of further training arises. We have got a paratroop school and all instructions regarding descending by parachute are given there.

Shri S. C. Samanta: The hon. Minister told me about the emergencies. May I know whether during ordinary times such help is being given when asked for ?

Sardar Majithia: As the House will realise, we have only a Flight of three teams and they are always standing by to proceed when they are needed on a proper requisition.

Dr. Rama Rao: May I know if this is available for civil calamities, collapses etc. or whether arrangements have been made to train sufficient number of civilian medical personnel to undertake such work?

Sardar Majithia: As I have already said, this team consists of IAF personnel. The question of civilians does not come here. Besides it means a lot more in giving training to them . As I said, so far as civilians are concerned, as and when the time of emergency arises, the Defence Forces always come to the help of the civilians.

बैंकों का एकीकरण

*८६३. **सेठ गोविन्द दास :** क्या वित्त मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या भूतपूर्व भारतीय रियासतों के बैंकों का एकीकरण करने का विचार है; और

(ख) यदि हां, तो कितने बैंकों का अब तक एकीकरण हो चुका है ?

राजस्व और रक्षा व्यय मंत्री (श्री ए० सी० गुह) : (क) और (ख). भारतीय राज्य बैंक के साथ राज्यों से सम्बद्ध बैंकों का एकीकरण सिद्धान्त-रूप में स्वीकार कर लिया गया है और इस की घोषणा सदन में अप्रैल १९५५ में की गयी थी । किन बैंकों का एकीकरण किया जाय और वह किस प्रकार किया जाय, ये बातें अभी विचाराधीन हैं ।

सेठ गोविन्द दास: इन विषयों पर कब से विचार चल रहा है और इस सम्बन्ध में क्या कोई लिखा पढ़ी केन्द्रीय सरकार या राज्य सरकारों के बीच हो रही है ?

श्री ए० सी० गुह : राज्य सरकारों के साथ इस सम्बन्ध में काफी बातचीत हो चुकी है अभी और भी बात चीत होने वाली है ऐसा मालूम पड़ता है कि इस सम्बन्ध में एक नया विधेयक पेश करना होगा और जब वह विधेयक पास हो जायेगा तब काम पूरा होगा ।

सेठ गोविन्द दास : इस सम्बन्ध में जो विधेयक सरकार लाने का विचार कर रही है उस के कब तक आने की सम्भावना है?

श्री ए० सी० गुह : क्योंकि हम को भी इस का बहुत ख्याल है, इसलिये जितनी जल्दी हो सकेगा उतनी जल्दी विधेयक को पेश किया जायेगा ।

Shri Morarka: May I know whether all the Indian State Banks would be merged into the State Bank of India or whether any exception would be made?

Shri A. C. Guha: All these questions would be considered when the Bill will be passed and when cases of each of these banks will be considered separately.

Shri Kasliwal : May I know whether it is a fact that the negotiations which have been carried on for the integration of the four banks in Rajasthan—the Bank of Rajasthan, the Bank of Jaipur, the Bank of Jodhpur and the Bank of Bikaner—have fallen through and if so, why?

Shri A. C. Guha: I do not think that information is quite correct. At least I have not got any such information. My information is that all the State Governments are quite enthusiastic about the matter and the bank authorities have also more or less agreed. There may be some differences of opinion in regard to some details, but, on principle, my information is that they have all agreed.

Silver Refinery Project

***864. Shri T. B. Vittal Rao:** Will the Minister of **Finance** be pleased to state :

(a) the progress achieved till the end of June, 1955 in the setting up of the Silver Refinery Project; and

(b) whether all the machinery and plant to be imported have been received?

The Minister of Revenue and Defence Expenditure (Shri A. C Guha): (a) About 80 per cent. of the Civil Engineering Works required for setting up the Silver Refinery Plant was completed by the end of June 1955.

(b) Nearly 97 per cent of equipment required to set up the Refinery has been received from abroad. The balance is ready for shipment and is expected to be received shortly.

Shri T. B. Vittal Rao: May I know when the factory will actually start refining silver ?

Shri A. C. Guha: I should confess that we have been somewhat behind schedule and we expect the plant to come into operation by the end of 1956.

Shri T. B. Vittal Rao: In view of the fact that there has been delay in the erection of this factory may I know whether we have approached the Government of the United States of America to whom we have to return silver under the lend-lease scheme for extension of time?

Shri A. C. Guha: That question will only come up when the schedule time is over and I do not think it would be appropriate to take up the matter now.

Shri T. B. Vittal Rao: What is the schedule time ?

Shri A. C. Guha: It will be some five years after the termination of the emergency by the U.S.A. and would fall in 1957. I am not quite sure about the date and if the hon. Member gives me notice I shall give him that information.

Shri U. M. Trivedi: May I know whether this refinery is to be located at Jhawar and whether any work has been started at the silver mines at Jhawar in Rajasthan ?

Shri A. C. Guha: It has nothing to do with silver mines. It will be located in the old site of the Calcutta mint on Strand Road, Calcutta.

Dr. Suresh Chandra: In answer to a previous question whether the machinery was old or new, the hon. Minister had stated that he had no information. May I know whether he has verified this since and can he give us information now ?

Shri A. C. Guha: I am thankful to the Hon. Member for having given me this opportunity to clarify the position. On 30th December, 1954 Shri M. S. Gurupadaswamy enquired by way of a supplementary question, if the machinery purchased for the Silver Refinery Project at Calcutta from Messrs. DEMAG ELEKTROMETALLURGIE was rebuilt and not orginal. I then stated that this was not correct and that I had no such information with me. I also stated that the Government were satisfied that the machinery supplied was up to the standard and quite suitabe for the purpose.

The matter has since been carefully looked into and Government are satisfied that the plant and machinery supplied for the project are new and of the latest design. In this connection, I might quote clause 3(a) of the Agreement entered into by Government with the supplier which runs as follows :—

> "The plant and machinery mentioned.. will be manufactured by the supplier or its associates or manufacturers of specialised plant as the case may be but all in accordance with the designs and specifications of the supplier who shall be fully responsible for the supply of the whole plant and machinery."

This would show that the equipment supplied by the supplier has to be new. Further the Government have also received an unequivocal and categorical assurance from the suppliers that all the plant and machinery supplied are brand new and of the latest design incorporating all the present standards of the art with regard to lay-out, workmanship, methods of construction and quality of materials."

Geological Survey

*865. **Shri Hem Raj:** Will the Minister of **Natural Resources and Scientific Research** be pleased to refer to the reply given to Starred Question No. 117 on the 22nd November, 1954 and state:

(a) whether geological mapping of the earth structures in the Jawalamukhi Petroleum area has been completed ;

(b) the date by which magnetic and gravimetric survey of this area will be udertaken ;

(c) whether any foreign company approched the Central Government for permission to carry out the reconnaissance survey of this area; and

(d) if so, the name of the company ?

The Minister of Natural Resources (Shri K. D. Malaviya): (a) No, Sir. But I may say that it is almost completed.

(b) The work is proposed to be undertaken during the winter season 1955-56.

(c) Yes, Sir.

(d) Messrs. Standard Vacuum Oil Company.

Shri Hem Raj : May I know whether the exploration which will be carried out by the Standard Vacuum Oil Company will be in collaboration with the Government party or whether it will be independent ?

Shri K. D. Malaviya: There is no proposal for any oil exploration being undertaken by the Standard Vacuum Oil Company in the area. They only applied for a geological reconnaissance survey of the area.

Shri C. R. Narasimhan: What conclusions have been arrived at as a result of the mapping work so far done ?

Shri K. D. Malaviya: The study by our experts shows and it is generally established now that the Jawalamukhi area and the area around about is favourable for the accumulation of oil from underground.

Shri N. B. Chowdhury: May I know what would be the remuneration of the Standard Vacuum Oil Company or the terms under which the company will work ?

Shri K. D. Malaviya: There is no question of remuneration. They only wanted to have a geological reconnaissance which does not commit us to anything nor commit them to anything.

तेल और गैस के डिवीजन

*८६९. **श्री के० सी० सोधिया :** क्या प्राकृतिक संसाधन और वैज्ञानिक गवेषणा मंत्री यह बताने की कृपा करेंगे कि :

(क) खनिज तेल संसाधनों की खोज के लिये तेल और गैस डिवीजन नियुक्त करने में चालू वर्ष में कितनी राशि के व्यय किये जाने की सम्भावना है; और

(ख) यह डिवीजन किस राज्य में अपना कार्य शुरू करेगा ?

प्राकृतिक संसाधन मंत्री (श्री के० डी० मालवीय) : (क) इस का राजकीय अनुमान लगभग ६० लाख रुपये है। एक नयी संस्था की अनिवार्य आपत्तियों को छोड़ कर यह खर्च वास्तव में कुछ कम हो सकता है।

(ख) राजस्थान ।

श्री के० सी० सोधिया : यह डिवीजन खुद काम करेगा या दूसरी कम्पनियों से करायेगा ?

श्री के० डी० मालवीय : यह खुद काम करेगा ।

श्री के० सी० सोधिया : क्या इसके पास मशीनरी और एक्सपर्टस् हैं ?

श्री के० डी० मालवीय : कुछ हैं और जो और जरूरत होगी, वे बाहर से मंगाये जायेंगे ।

Shri Kamath: Is there any proposal before the Government to import foreign technicians or experts in this connection or is there completely adequate Indian personnel for this work of oiling and gassing, I mean oil and gas ?

Shri K. D. Malaviya: So far as experienced geologists and geophysicists are concerned, we do require a number of them, and we shall try to get them from wherever we can.

श्रीमती कमलेन्दुमति शाह : क्या हमारे अपने विशेषज्ञ नहीं हैं, जो दूसरी जगह से लाने पड़ते हैं ?

Shri K. D. Malaviya: I could not follow the question.

Mr. Speaker: Have we no experienced technicians that we are compelled to bring them from outside ?

Shri K. D. Malaviya: We have a number of them but when we require more we try to get them from outside.

Taxation Enquiry Commission

*870. **Shri Morarka** : Will the Minister of **Finance** be pleased to state:

(a) whether Government have considered the recommendation of the Taxation Enquiry Commission made in para. 35 of Chapter XIII of their Report (Vol. II) for appointing a small Advisory Committee of non official attached to each Commissioner of Income-tax to discuss matters of general policy relating to administration; and

(b) if so, the action proposed to be taken in the matter ?

The Minister of Revenue and Civil Expenditure (Shri M. C. Shah): (a) The matter is still under the active consideration of the Government.

(b) Does not arise.

Shri Morarka: In view of the fact that about ten months have already passed since this report was submitted may I know how much more time the Government will take to consider this matter?

Shri M. C. Shah: The report contained not only this recommendation, but there were five more recommendations with regard to the income-tax administration. We have already appointed a special officer to look into the matter. This is a very vast enquiry and we are awaiting the report of the officer on special duty who is of the status of a Joint Secretary.

Shri Morarka: May I now whether the special officer has been asked to submit a report by any particular time ?

Shri M. C. Shah: No particular time can be fixed because he has to go to the States where there are commissioners numbering about 21. He has to look into the matters relating to organisations and so many other allied subjects like the expeditious disposal of cases, appointments of public relations officers and many other recommendations. Therefore, it will take time.

Shri L. N. Mishra: May I know whether it is a fact that some of the States have expressed their inability to implement some of the recommendations of the Taxation Enquiry Commission meant for them and they have not taken these recommendations into account in calculating their resources for the Second Five Year Plan ?

Shri M. C. Shah: This question does not arise here. The question here is with regard to the income-tax administration and particularly with regard to the appointment of advisory committees to the State

attached to each Commissioner of Income-Tax. With regard to the question relating to the recommendations of the Taxation Enquiry Commission affecting the States the hon. Member may table a nother question.

Libraries in Andhra

*872. **Shri Gadilingana Gowd:** Will the Minister of **Education** be pleased to state:

(a) the amount of loan and subsidy granted to the Andhra State up till now for the development of its libraries; and

(b) whether the money so allotted has been availed of ?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das): (a) Loan sanctioned Nil. Subsidy sanctioned Rs. 18,207/- under the Central scheme of integrated library service during 1955-56.

(b) It is too early to call for the information from the State Government.

I may add that so far as the Education Ministry is concerned, loans to the State Governments or to educational institutions are sanctioned only for the purpose of constructing students' hostels and for no other purpose. The Government of Andhra has not applied to the Central Government for any loan for the construction of students' hostels and so no loan has been sanctioned.

Shri Gadilingana Gowd: In respect of the Central Government grant, is there only one scheme or are there several schemes for granting subsidies to the several States ?

Dr. M.M. Das : There are a large number of schemes on which Central grants are given but so far as libraries are concerned, there are only two schemes under the Five Year Plan of the Central Education Ministry. One of the applications of the State Governments under one of these schemes is under consideration and the other application under the other scheme has been sanctioned. The amount has been mentioned in the main answer: Rs. 18,207.

Shri A. M. Thomas: May I know what is the total amount spent so far on this subsidy item and may I also enquire if some States have not been helped so far, for example, Travancore-Cochin ?

Dr. M. M. Das: This question has come up before the House several times, and I have given the figures. At the momentthe total amount that has been spent on giving grants to the different States for the improvement of libraries is not with me. The grant sanctioned to a particular State Government depends upon the scheme that is sent to the Central Education Ministry by that particular State. If that particular scheme is approved by the Central Government, then grants are given.

जाली मुद्रा

*८७३. **श्री एम० एल० द्विवेदी :** क्या **वित्त मंत्री** यह बताने की कृपा करेंगे कि

(क) मुद्रा और वित्त सम्बन्धी रक्षित बैंक के प्रतिवेदन, १९५४–५५ में जैसा कि बताया गया है कि २,५२,१३६ रुपये के मूल्य की जाली मुद्रायें बनाई गईं, उस के सम्बन्ध में कुल कितने दावे दायर किये गये और कितन लोगों को सजायें हुईं;

(ख) इस सम्बन्ध में कितने स्थानों में पुलिस ने छापा मारा और नोट बनाने वाली कितनी मशीनें पकड़ी; और

(ग) १९५३–५४ की अपेक्षा १९५४–५५ में इस अपराध में अठ-गुनी वृद्धि होने के (जाली नोटो के मूल्य के अनुसार) क्या कारण हैं?

राजस्व और रक्षा व्यय मंत्री (श्री ए० सी० गुह) : (क) से (ग). वर्तमान कार्यविधि के अधीन जो जाली नोट रिजर्व बैंक में किसी एक साल में आते हैं उन में जनसाधारण द्वारा और बैंकों आदि द्वारा भेजे गये नोट तथा वे नोट, जो कि पिछले सालों में पुलिस द्वारा मुकदमों के खत्म हो जाने के पश्चात् रिजर्व बैंक में समुचित कार्यवाही के लिये भेज दिये जाते हैं, शामिल हैं । अतः १९५४–५५ में रिजर्व बैंक के दफ्तरों में प्राप्त जाली नोटों के मूल्य के रूप में २,५२,१३६ रुपये की जो संख्या दिखाई गई है उस में १,९८,३०० रुपये के जाली नोटों का सम्बन्ध उन मुकदमों से है, जो पुलिस ने १९५०–५४ में दायर किये । यदि १,९८,३०० रुपये की रकम २,५२,१३६ रुपयों में से घटा दी जाय तो

१९५४-५५ में प्राप्त होने वाले जाली नोटों का मूल्य ५३,८३६ रुपये रह जाता है जो लगभग एक वर्ष का औसत मालूम होता है । वित्त मंत्रालय में इस से अधिक जानकारी उपलब्ध नहीं है ।

श्री एम० एल० द्विवेदी: मैं यह जानना चाहता हूं कि जो जाली नोट इस साल पकड़े गये हैं उन के सम्बन्ध में क्या पुलिस ने कोई कार्यवाही नहीं की, और अगर की तो क्या ?

श्री ए० सी० गुह : यह तो सब स्टेट गवर्नमेंट का काम है । स्टेट गवर्नमेंट से हमारे पास ऐसी कोई खबर नहीं आई है । जो खबर यहां दी गयी है उससे ज्यादा हमारे पास नहीं है । यह ला एंड आर्डर (Law and Order) का विषय है जो कि स्टेट गवर्नमेंट से सम्बन्ध रखता है ।

श्री एम० एल० द्विवेदी : वित्त मंत्री ने बतलाया कि इस साल भी काफी धन के जाली नोट पकड़े गये हैं । मैं जानना चाहता हूं कि इस जाली नोट बनाने की बढ़ती हुई बुराई को रोकने के लिये भारत सरकार क्या कर रही है ?

Shri A.C. Guha: Had I read out the English answer he would have been better able to understand it. I have not said that the number of counterfeit notes has been higher this year. I said that the amount of Rs. 53,836 appears to be more or less the average for a year.

सेठ अचल सिंह: क्या मंत्री महोदय को यह मालूम है कि नकली रुपया और छोटे सिक्के कई स्टेटों में बनाये जा रहे हैं ।

Shri A.C. Guha: That may be possible on a small scale.

Matches Excise Duty

*876. **Shri Dabhi:** Will the Minister of **Finance** be pleased to state:

(a) whether it is a fact that Government with a view to giving relief to medium-sized and cottage groups of match factories, propose to introduce a system of deferred payment of excise duty; and

(b) if so, when the proposed system will be introduced ?

The Minister of Revenue and Defence Expenditure (Shri A.C. Guha): (a) The matter is under the active consideration of Government.

(b) No indication can be given regarding the date of introduction as a decision in principle has yet to be taken.

Shri Dabhi: May I know how long it will take for the Government to come to a decision on this matter ?

Shri A.C. Guha: I can only give this much indication that on our side, we have no objection to giving this concession, but there are some technical difficulties which are being examined between the Ministry of Finance and the Ministry of Commerce and Industry, I do not apprehend that it will take a very long time. I hope we will come to a decision soon.

Shri Dabhi: May I know whether the Government have received some applications for this purpose ?

Shri A.C. Guha: I think one gentleman, Shri Satis Das Gupta, has been representing this case and he is taken to be the spokesman for small-scale industries in general and the smaller match factories in particular, specially the D class match factories.

Sterling Balances

*877. **Shri Ibrahim:** Will the Minister of **Finance** be pleased to state:

(a) the total withdrawals from our Sterling Balances since the 1st January, 1954 upto date ; and

(b) what is the balance now in the account ?

The Parliamentary Secretary to the Minister of Finance (Shri B. R. Bhagat): (a) From 1.1.54 to 5.8.55, the sterling balances were drawn down to the extent of about Rs. 8 crores.

(b) on 5.8.55, these balances stood at Rs. 719 crores.

Shri Ibrahim: May I know the specific purposes for which these withdrawals from sterling balances were made ?

Shri B. R. Bhagat: The withdrawals are to meet international commitments.

Shri Ibrahim: May I know how far these withdrawals have benefited the schemes in the First Five Year Plan ?

Shri B. R Bhagat: All cu. foreign exchange commitments for sterling have been met from the sterling balances.

Shri K. C. Sodhia: What was the total amount standing as balance at the beginning of 1947-48?

Shri B.R. Bhagat: I cannot give the figures at this stage.

Indian Hockey Federation

*879. **Shri V.P. Nayar:** Will the Minister of **Education** be pleased to state:

(a) whether Government have sanctioned any grant for the Indian Hockey Federation for sponsoring a tour of a British Hockey team in India;

(b) if so, what is the amount sanctioned; and

(c) whether Government have sanctioned any amount for training the National Hockey Team for participation in the 1956 Olympic Games to be held in Melbourne?

The Parliamentary Secretary to the Minister of Education (Dr. M.M. Das): (a) No, Sir.

(b) Does not arise.

(c) No, Sir.

Shri V.P Nayar: In view of the answer to part (c) may I know whether the Government have taken note of the fact that the challenge to the supremacy of Indian hockey is assuming very serious dimensions in recent years in view of the fact that other countries are improving their hockey while the standard of Indian hockey comes down, and may I also know whether under such circumstances, Government desire that it is a very necessary to organise the training of the Indian hockey team participating in the Melbourne Olympics?

Dr. M.M. Das: There can be no doubt about improving our hockey team and along with it the other sports and games also, and it is for these reasons that the Government of India have set up the All-India Council of Sports.

Shri V.P. Nayar: May I know whether Government have taken note of the fact that one of the Indian teams touring in New Zealand has already established that under the very bad weather condition there, the supremacy of Indian hockey can be challenged and that the Indian team can be defeated, a news that is appearing for the first time in so many decades?

Dr. M.M. Das: Every sports team of every country may be challenged. There is nothing astonishing about it

Shri Jaipal Singh: In view of the fact that Government do not pay anything to any of the sports organisations, may I know what control the newly-formed All-India Sports Council has in the matter of our teams going abroad?

Dr. M.M. Das: In the first place I want to submit to the hon. Member that it is wrong to say that Government does not pay any financial help. This year we have already sanctioned grants amounting to Rs. 1,18,076 to the different sports federations of the country.

Cost of Living Index

*881. **Shri T.B. Vittal Rao:** Will the Minister of **Finance** be pleased to state:

(a) the steps taken for compilation of a Middle Class Cost of Living Index; and

(b) when the same is likely to be finalised and regularly published in future?

The Parliamentary Secretary to the Minister of Finance (Shri B.R. Bhagat): (a) A Technical Advisory Committee on Cost of Living Index Numbers has been set up to consider the question of compilation of Cost of Living Index Numbers for Middle Classes as well as for other sections of the population, industrial working classes, agricultural labourers and cultivators.

On examination of available data, it was found necessary to have family budget enquiries conducted for different classes concurrently and on uniform lines all over India with a view to deriving up-to-date weights and also to institute adequate price reporting system for constructing such index numbers. Plans are being accordingly drawn up in consultation with the Ministries concerned and States.

(b) The programme is a long range one. Enquiries are expected to commence in 1956 and the processing of data completed in about another year. Preparation of Index Numbers could thus be taken upon thereafter.

Shri T. B. Vittal Rao: May I know when the decision to set up a Technical Advisory Committee was taken in view of the fact that the Goyernment have already accepted the recommendation therein it was said that the Government should compile All India Cost of Living Index numbers for the middle classes?

Shri B. R. Bhagat: The Technical Advisory Committee was set up as a results of the conference of the statistical expert from all the States and the Central Statistical Organization. That Technical Advisory Committee met and decided that before All India Cost of Living Index

Numbers for middle classes could be compiled, it was necessary to have a fresh family budget enquiry on uniform lines all over India with a view to deriving up-to-date weights and that a proper weightage for different items should be freshly drawn up. That itself is a very big problem and a highly technical one. So, before the compilation of these index numbers is taken up, this must be gone into and as I have said, the whole thing will take two or three years.

Shri T. B. Vittal Rao: May I know the names of the Members of the Technical Advisory Committee ?

Shri B. R. Bhagat: I want notice.

Shri T. B. Vittal Rao: This question arises from the.....

Mr. Speaker : The hon. Minister wants notice. I am going to the next question.

भारत तिब्बत गवेषणा केन्द्र

*८८२. **श्री रघुनाथ सिंह** : क्या शिक्षा मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि कालिमपोंग में एक भारत-तिब्बत गवेषणा केन्द्र स्थापित करने की योजना बनाई जा रही है, जिस में एक देश के छात्र दूसरे देश की भाषा और धर्म का अध्ययन कर सकेंगे और गवेषणा कार्य भी करेंगे; और

(ख) यदि हां, तो उस पर अनुमानतः कितना व्यय होगा ?

शिक्षा मंत्री के सभा-सचिव (डा० एम० एम० दास) : (क) और (ख) तिब्बती साधुओं को संस्कृत सिखाने और भारतीयों को तिब्बती भाषा सिखाने के लिये कालिंगपोंग में एक संस्था स्थापित करने की एक योजना विचाराधीन है ।

Shri Raghunath Singh: May I know the exact date when it will be established ?

Dr. M. M. Das: It is not possible to give the exact date; the whole matter is under the consideration of the Government.

श्री अर्जुन अर्दान : क्या यह संस्था पूरे सरकारी तौर पर चलाई जायगी या किसी गैर सरकारी संस्था से भी इस बारे में सहयोग लिया जा रहा है ?

Dr. M. M. Das: I would appeal to the hon. Member to remember that this is not an ordinary institution—I mean an internal institution within this country concerning Indian citizens alone. It is an institution the creation of which involves our relationship with a foreign country China and Tibet. So, it is necessary to give careful consideration to this proposal and Government are considering it. I am not in a position to give more information about this particular question at the present moment.

Shri Kamath: May I know whether any approach has been made to the more or less autonomous though not independent Government of Tibet directly or through the People's Government of China in connection with having a similar research station or centre in Lhasa or somewhere in Tibet ?

Dr. M. M. Das: So far as my information goes, no.

Loans and Grants

*884. **Shri Gadilingana Gowd:** Will the Minister of **Finance** he pleased to state:

(a) the loans and grants sanctioned so far to Andhra State upto-date;

(b) whether the State Government has availed of all the amounts so granted; and

(c) if not, the reasons therefor ?

The Parliamentary Secretary to the Minister of Finance (Shri B. R. Bhagat) (a) to (c). The information is being collected and will be laid on the Table of the House.

Shri Gadilingana Gowd: May I know whether the Andhra Government has asked for any loan for reclamation of lands for the Tungabhadra Project ?

Shri B. R. Bhagat. I do not have that information now.

Dr. Rama Rao: Just now he said that information is being collected. It is the Central Government which sanctions the grants and loans to the Andhra State. How is it that information is being collected ? From where is it collected ?

Shri B. R. Bhagat: In addition to, the loans and grants given by this Ministry there are other Ministries like the Commerce and Industry Ministry and the Food and Agriculture Ministry, which also sanction loans and grants for co-operative and other schemes. Therefore, in order to ascertain the latest position, we have addressed

the Accountant-General and the Finance Secretary of Andhra and the Ministries concerned. Full information can be given only on the receipt of this information.

Osmania University

*888. **Shri T. B. Vittal Rao:** Will the Minister of **Home Affairs** be pleased to state:

(a) whether the Educational Committee appointed in connection with the taking over of the Osmania University by the Centre has since submitted its report; and

(b) if so, whether a copy of the same will be laid on the Table of the House?

The Deputy Minister of Home Affairs (Shri Datar): (a) No.

(b) Does not arise.

Dr. Rama Rao *rose—*

Mr. Speaker: The hon. Member knows the convention that the Member who puts the question should be given the first chance to put supplementaries. Shri Vittal Rao.

Shri T. B. Vittal Rao: May I know whether the Committee is still working on this and framing the report?

Shri Datar: The Committee had one sitting; a questionnaire was issued, and answers have been received.

Shri T. B. Vittal Rao May I know when the committee actually started its work?

Shri Datar It started work in 1952.

Shri T. B. Vittal Rao: In 1952 a committee was set up; but the Chairman resigned and again another committee was formed in 1953 or 1954. The Chairman of that Committee also resigned. That is why I asked when they actually started the work.

Shri Datar: There are a number of difficulties in this case. A number of Members went abroad, the Chairman fell ill and another person had to be appointed. On account of these difficulties and the delay in the receipt of answers to the questionnaire, the work could not be done as speadily as the hon. Member desires.

Shri T. B. Vittal Rao: May I know who are the members of the present committee?

Shri Datar: Dr. Zakir Hussain—Chairman, Dr. Abdul Haq, Dr. B. B. Dey Prof. A. R. Wadia, Dr. M. S. Thacker, Shri Kashinath Rao Vaidya, Shri M. Hanumantha Rao, Shri Krishnachary Joshi and Dr S. Bhagavantam.

Dr. Suresh Chandra: The hon. Minister just now stated that the Committee did not meet because the Chairman fell ill. But I had a talk with the Chairman Acharya Narendra Dev, and he refuted this and said the reasons were different.

Mr. Speaker: It is better to discuss out side this House.

राष्ट्रीय नमुना सर्वेक्षण

*८५५ **श्री नवल प्रभाकर,** (**डा० सत्यवादी की ओर से**): क्या **वित्त** मंत्री यह बताने की कृपा करेंगे कि :

(क) राष्ट्रीय नमूना सर्वेक्षण कार्यक्रम के वर्तमान और अगले दौरे के लिये पंजाब में कितने गांव चुने गये हैं; और

(ख) सर्वेक्षण के कब तक आरम्भ होने की सम्भावना है ?

वित्त मंत्री के सभा सचिव श्री बी० आर० भगत) : (क) राष्ट्रीय नमूना सर्वेक्षण के नवें (अर्थात् चालू) दौर के कार्यक्रम में पंजाब के ५६ गांव शामिल किये गये हैं। नमूना सर्वेक्षण के अगले दौर के कार्यक्रम के बारे में जिस में चुने गये गांवों की संख्या सम्मिलित है, अभी कोई निश्चिय नहीं किया गया है।

(ख) चालू दौर के बारे में क्षेत्रीय कार्य १५ मई, १९५५ से आरम्भ हो चुका है।

श्री नवल प्रभाकर : क्या मैं जान सकता हूं कि इस सर्वेक्षण में कितना खर्चे हुआ है ?

श्री बी० आर० भगत : अभी तो यह शुरू होने वाला है और इस नवें दौर के कार्यक्रम का खर्च अकेले तफसील में नहीं दिया जा सकता।

Shri S. C. Samanta: May I know whether the eighth round in the programme of survey includes utilisation of man-power also?

Shri B. R. Bhagat: In this round, the coverage of national sample survey is sufficiently vast and includes information on income and expenditure, employment and unemployment, crafts, industries and trades, occupation, demography, etc. I think demography and occupation relate to man-power also.

Shri J. R. Mehta: Question No. 871.

Mr. Speaker: What is the next question of Dr. Satyawadi?

Shri Naval Prabhakar: 880.

Mr. Speaker: Then 871 will have precedence.

Education of Military Personnel

***871. Shri J. R. Mehta:** Will the Minister of **Defence** be pleased to state:

(a) the *per capita* expenditure incurred on the literary education of military personnel in the Indian Army at present; and

(b) how this compares with the expenditure incurred in 1947?

The Deputy Minister of Defence (Sardar Majithia): (a) and (b). The prewar rate for educational training grant was one anna per head per month. In 1947-48, this was raised to three annas per head per month and this is the existing rate.

I should like to add here that this amount is meant for the purchase of maps, periodicals, magazines, copy books, etc., and does not include the incidence of the instructors' pay, allowances, etc.

Shri U. C. Patnik: May I know if there is any co-ordination between the efforts of the Defence Ministry and other Ministries as in other countries, to ensure higher standards of education in the defence services and to equip the personnel for subsequent absorption in civilian life?

The Minister of Defence (Dr. Katju): I want notice of this question.

श्री भक्त दर्शन : क्या फौजी लोगों को इस बात की भी सुविधा दी जाती है कि फौज में जो शिक्षा मिलती है उस के सिवा विश्वविद्यालयों या हिन्दी साहित्य सम्मेलन की परीक्षा को भी वह दे सकें ?

डा० काटजू : जहां तक मुझे मालूम है नहीं होती है, लेकिन अगर आप नोटिस दें तो ज्यादा अच्छा होगा ।

Shri Kamath: Part (a) of the question refers to literary education. Am I to understand that so far as literacy is concerned, the Army is 100 per cent literate?

Dr. Katju: I have seen those centres where they are taught. They are taught advanced reading and writing.

Mr. Speaker: His question is whether all the military personnel are literate.

Dr. Katju: That is what our attempt is. I think mostly they are.

लोक साहित्य समिति

***८८०. श्री नवल प्रभाकर** (**डा० सत्यवादी की ओर से**) : क्या शिक्षा मंत्री सभा-पटल पर एक विवरण रखने की कृपा करेंगे कि जिस में यह बताया गया हो कि लोक साहित्य समिति ने अब तक क्या काम किया है और गत वर्ष उस पर कितना व्यय किया गया था ?

शिक्षा मंत्री के सभा-सचिव (डा० एम० एम० दास) : इस का विवरण सभा पटल पर रख दिया गया है । **[देखिये परिशिष्ट ५, अनुबन्ध संख्या ६३]**

श्री नवल प्रभाकर : विवरण को देखने से ज्ञात होता है कि उस में लिखा है :

"A Folk Literature Committee was set up for the purpose."

क्या मैं जान सकता हूं कि उक्त कमिटी में कितने व्यक्ति हैं और उन के नाम क्या हैं ?

Dr. M. M. Das: The Folk Literature Committee has got 7 members.

Mr. Speaker: He wants the names.

श्री नवल प्रभाकर : क्या मैं जान सकता हूं कि जो ७ मैम्बर हैं वह कितनी प्रादेशिक भाषाओं के जानकार हैं ?

Dr. M. M. Das: If you will permit me, Sir, I can read out the names of the members. I think it is not possible for one man to know all the regional languages of India. They are experienced people in this matter.

श्री नवल प्रभाकर : जैसा कि विवरण में दिया गया है, तमाम प्रादेशिक भाषाओं की पुस्तकें मंगाई गई और उन में से कुछ पुस्तकें छांटी गईं और उन को पारितोषिक दिये गये तो क्या मैं जान सकता हूं कि यह जो सात मैम्बर थे, वह सब भाषाओं के जानकार हैं ?

Dr. M. M. Das: I beg to submit to the hon. Member that the books written in the regional languages were reviewed by the panels of reviewing committees, which were set up in consultation with the State Governments by the Folk Literature Committee.

Shri N. B. Chowdhury: May I know whether the persons engaged on the literary works of Shanti Niketan and other places belong to the Folk Literature Committee or it is a different body that is doing that work?

Dr. M. M. Das: This Committee was set up in conjunction with our Community Project Administration. The persons who are in this Committee are specialists and they are experienced men. But I do not think that they have been taken from one particular organisation.

हिन्दी शब्दावली

*८८७ **श्री नवल प्रभाकर (डा० सत्यवादी की ओर से)** : क्या शिक्षा मंत्री सभा-पटल पर एक विवरण रखने की कृपा करेंगे जिस में यह दिखाया गया हो कि विभिन्न मंत्रालयों के लिये हिन्दी में परिभाषिक शब्द बनाने के लिये गत वर्ष जो समिति नियुक्त की गई थी उस ने अभी तक क्या कार्य किया है ?

शिक्षा मंत्री के सभा-सचिव (डा० एम० एम० दास) : इस का विवरण सभा-पटल पर रख दिया गया है । [देखिये परिशिष्ट ५, अनुबन्ध संख्या ६४]

श्री नवल प्रभाकर : क्या मैं जान सकता हूं कि जैसा कि विवरण में दिया गया है कि पांच मंत्रालयों के शब्दों का संग्रह हो चुका है, और जो बाकी मंत्रालय हैं उन में भी इस प्रकार की कोई कार्यवाही ही चल रही है ?

Dr. M. M. Das: There are already 19 expert committees like this. The question was, what are the committees that were established in a particular year, that is, last year. So we have given the names of the five Ministries for which the expert committees have been set up last year. But, there are already 19 expert committees working on this matter.

श्री नवल प्रभाकर : अब तक कितने मंत्रालयों के बारे में शब्द तैयार हो चुके हैं ?

Dr. M. M. Das: The total number of the terms finalised uptodate is 5500. The number of terms published in the form of provisional list is 7000. The number of terms approved by the various expert committees and ready for publication is 13,426. The number of terms awaiting approval by the various expert committees is 5,600.

श्री नवल प्रभाकर : जैसा कि विवरण में दिया गया है कि ६३३० शब्द पिछले वर्ष तैयार किये गये थे। क्या मैं जान सकता हूं कि वह सुझाव किन्हीं विशेषज्ञों के पास जानने के लिये भेजे गये हैं ?

Dr. M. M. Das: To which is the hon. Member referring? These 6,330 words have been prepared by the expert committees of these Ministries.

Dr. Rama Rao: Do the Government propose to publish these lists so that suggestions may come from the public and then the Government may publish the final list?

Dr. M. M. Das: These lists, before they are finalised, are sent to the Universities, State Governments, eminent persons working in this field, and other organisations also. Their opinions are taken into consideration before finalising the lists.

Shri Sarangadhar Das: May I know whether these technical words that are being coined to take the place of the technical terms in English, are of sanskrit origin or some of the English words are being retained?

Dr. M. M. Das: I think those terms which are international in character, are retained. The other terms are coined in a way the Committee thinks best.

Shri Kamath: May I request you, Sir, to direct, in the public interest, that questions 856 and 878 be answered?

Shri Raghunath Singh: My question is 875 on Insurance.

Mr. Speaker: That may be answered.

Nationalisation of Insurance Companies

*875. **Shri Raghunath Singh (On behalf of Shri S. N. Das):** Will the Minister of **Finance** be pleased to refer to the reply given to starred question No. 580 on the 4th March, 1955 and state:

(a) whether the Controller of Insurance who had gone abroad under the Colombo Plan has returned and submitted his report;

(b) if so, what are the results of his study;

(c) whether the question of nationalisation of insurance companies has now been considered; and

(d) if so, when the final decision thereon will be taken?

The Minister of Revenue and Civil Expenditure (Shri M. C. Shah): (a) and (b). The Controller of Insurance has returned from his deputation abroad under the Colombo Plan. His visit was essentially to enable him to add to his technical knowledge and experience. No formal observations were required to be made by him.

(c) and (d). The matter is still under examination and it is not possible at this stage to indicate when a decision may be taken.

Shri Matthen: May I know what are the serious difficulties in coming to a decision?

Shri M. C. Shah : The question is under examination, as I said. All the pros and cons are being examined.

Shri K. P. Tripathi: May I know if it is a fact that the proprietors of insurance companies, taking a cue from the idea of nationalisation, have again begun to mutualise their companies, and that particularly the Oriental company has started this?

Shri M. C. Shah: We have no information on that subject. The Oriental mutualisation scheme is being considered by those people since the last two years.

Shri K. P. Tripathi: May I know, Sir. ..

Mr. Speaker: The Question Hour is over.

WRITTEN ANSWERS TO QUESTON

बनस्पति घृष

*८५२. **श्री एस० एन० दास :**
श्री के० पी० सिन्हा :

क्या **प्राकृतिक संसाधन और वैज्ञानिक गवषणा** मंत्री यह बताने की कृपा करेंगे कि :

(क) किन किन स्थानों में अब तक बनस्पति घृध के कारखाने खोले गये हैं ;

(ख) किन किन स्थानों में और अधिक कारखाने खोलने का विचार है ;

(ग) इन कारखानों में अभी तक कितने घृध का उत्पादन किया गया है ; और

(घ) क्या इन में से किसी कारखाने में केन्द्रीय सरकार का कोई हिस्सा है ?

प्राकृतिक संसाधन मंत्री (श्री के० डी० माल वीय) (क) त्रिचूर (त्रावनकोर-कोचीन राज्य)।

(ख) मध्य प्रदश (अमरावती) बम्बई और सोराष्ट्र राज्य।

(ग) त्रिचुर में २२५५ पौंड ।

(घ) जी नहीं ।

Pakistani Nationals

*856. **Shri M. R. Krishna:** Will the Minister of **Home Affairs** be pleased to state the number of Pakistani Nationals who have been fined and sentenced to imprisonment during 1954 and 1955 so far in Hyderabad State for contravening the passport rules?

The Deputy Minister of Home Affairs (Shri Datar): 98 Pakistani nationals have been fined and sentenced during 1954 and 1955 till the 31st July in the whole of Hyderabad State except two districts for contravening the passport rules. Information in respect of these two districts is awaited from the State Govt. and will be laid on the Table of the House in due course.

Prince of Wales Military College

*866. **Shrimati Ila Palchoudhury:** Will the Minister of **Defence** be pleased to state:

(a) the number of students that the Prince of Wales Military College, Dehra Dun, trains for senior Cambridge and Joint Services Wing Examinations every year;

(b) the amount that Government spends per boy per year and the contribution that the parents have to make; and

(c) whether it is proposed to raise the number of admissions to this College?

The Minister of Defence (Dr. Katju): (a) The average number of students attending the final term in PWMC is about 20. These students are eligible to appear for the competitive examination for admission to National Defence Academy without passing the Senior Cambridge Examination so long as they are within the prescribed upper age limit. During the three years 1952—54, 116 students of the PWMC were selected for the Joint Services Wing and 50 passed the Senior Cambridge Examination.

(b) The cost of training, including messing and accommodation, is estimated to be Rs. 3200/- per cadet per annum. The parents have to pay this amount unless they guarantee that if selected for the N.D.A. their son would choose the Defence Services as his career, and in that case, the parents' contribution is limited to Rs. 1500/- per annum. As the above guarantee is given by the parents in every case all the students at the PWMC pay the concessional rate.

(c) This is under consideration.

National Archives

*867. **Shri A. N. Vidyalankar:** Will the Minister of **Education** be pleased to state:

(a) whether it is a fact that important wings of the National Archives containing valuable historical records remain closed even to *bona fide* scholars, and that Government servants with recommendations alone have access to those records; and

(b) whether it is also a fact that the scholars visiting the institution are not even shown all the catalogues?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das): (a) For security reasons the stack room is open only to those who hold permits and whose admission to the stack rooms is in the interests of work. The other portions are open to visitors and research scholars.

(b) No, Sir.

Zoological Survey of India

*868. **Shri M. Islamuddin:** Will the Minister of **Natural Resources and Scientific Research** be pleased to state the extent upto which Government have given effect to the recommendations made by the Conference of Zoologists held in the first week of April, 1955 in New Delhi?

The Minister of Natural Resources (Shri K. D. Malaviya): A Scheme for expansion and re-organisation of the Zoological Survey based on the recommendations of the Conference of Zoologists held in April, 1955 has been drawn up and is under the consideration of the Government.

Dacoities in Tripura

*874. **Shri Dasaratha Deb:** Will the Minister of **Home Affairs** be pleased to state how many dacoity cases have occurred in the border areas of Tripura during 1955 so far?

The Deputy Minister of Home Affairs (Shri Datar): Eight.

Indian Citizenship

*878. **Shri M. R. Krishna:** Will the Minister of **Home Affairs** be pleased to state the number of Pakistani nationals who have applied for permanent citizenship of India?

The Deputy Minister of Home Affairs (Shri Datar): Since the 15th October 1952, when the Passport and Visa System for travel between India and Pakistan came into force, the total number of Pakistani nationals who have applied for permanent resettlement in India with a view to acquiring Indian Citizenship in the long run is 6928.

Central Secretariat

*883. **Shrimati Ila Palchoudhury:** Will the Minister of **Home Affairs** be pleased to lay a statement on the Table of the House showing:

(a) the constitutions and functions of—

(i) Appointments Committee of the Cabinet;

(ii) Central Establishment Board;

(iii) Central Secretariat Service Selection Board; and

(b) the functions of the Establishment Officer to the Government of India?

The Deputy Minister of Home Affairs (Shri Datar): (a) and(b). A Statement is laid on the Table of the House. [*See* Appendix V, annexure No. 65].

Relief to Distressed Persons

*885. { **Shri Dasaratha Deb :** / **Shri Biren Dutt :**

Will the Minister of **Home Affairs** be pleased to state:

(a) whether any representation has been made to Government for the grant of relief to the distressed persons of southern part of Tripura, which was devastated by storms in 1955; and

(b) if so, whether Government propose to give them relief in terms of money?

The Deputy Minister of Home Affairs (Shri Datar) : (a) Yes.

(b) Relief including agricultural loans in fit cases will be given to the distressed persons.

Botanical History

*886. **Shri S. N. Das :** Will the Minister of **Natural Resources and Scientific Research** be pleased to state:

(a) whether any steps have so far been taken to undertake the compilation of a Botanical History of India; and

(b) if so, the details thereof?

The Minister of Natural Resources (Shri K. D. Malaviya) : (a) and (b) A statement giving the required information is laid on the Table of the House. [*See* Appendix V, annexure No. 66].

Palana Colliery in Rajasthan

436. { **Shri Karni Singhji :** / **Shri M. Islamuddin :**

Will the Minister of **Natural Resources and Scientific Research** be pleased to refer to the reply given to

unstarred question No. 416 on the 23rd March, 1955 and state:

(a) whether any decision has been reached on the proposals received from the Rajasthan Government for the development of the Palana Colliery in Rajasthan; and

(b) if so, its main features?

The Minister of Natural Resources (Shri K. D. Malaviya) : (a) and (b) No decision has been reached so far as the matter is still under the consideration of the experts.

कुंभलगढ़ किला

४३७. **श्री बलवन्त सिंह महता** : क्या शिक्षा मंत्री यह बताने की कृपा करेंगे कि :

(क) कुंभलगढ़ किले के संरक्षण पर सरकार ने अब तक कितना व्यय किया है; और

(ख) इस के संरक्षण के लिये किस प्रकार की योजना बनाई गई है ?

शिक्षा मंत्री के सभा-सचिव (डा० एम० एम० दास) : (क) और (ख). यह जानकारी इकट्ठी की जा रही है और यथासमय सभा-पटल पर रख दी जायगी ।

High Court Judges

438. Shri Ibrahim : Will the Minister of **Home Affairs** be pleased to state the number of Judges in each of the High Courts in India in the years 1953 and 1955?

The Deputy Minister of Home Affairs (Shri Datar) : A statement is laid on the Table of the House. [*See* Appendix V, annexure 67].

Temple of Bargabhima

439. Shri S. C. Samanta : Will the Minister of **Education** be pleased to state :

(a) whether it is a fact that the articles found by archaeological excavations near the Temple of Bargabhima in Tamluk Town in Midnapur district of West Bengal date back to pre-historic age;

(b) if so, whether the Temple will be included in the list under the Archaeological and Monument Preservation Act in the near future; and

(c) whether the construction of the building of the Temple has similarity to those of the Budhist and pre-Budhis age?

The Parliamentary Secretary to the Minister of Education (Dr. M M. Das) : (a) No, Sir. The excavation had in any case no bearing on the importance or otherwise of the Temple.

(b) No, Sir.

(c) The construction of the Temple does not suggest its association with the Budhist or pre-Budhist age.

सहायक सेना छात्र दल

४४०. **श्री भक्त दर्शन** : क्या रक्षा मंत्री यह बताने की कृपा करेंगे कि :

(क) १९५५–५६ में अब तक किन किन स्थानों पर सहायक सेना छात्र दल के शिविर लगाये गये हैं;

(ख) चालू वित्तीय वर्ष के शेष भाग में किन किन स्थानों पर शिविर लगाये जायेंगे; और

(ग) इन कार्य शिविरों में सेना छात्रों ने किस प्रकार का रचनात्मक कार्य किया है ?

रक्षा संगठन मंत्री (श्री त्यागी) : (क) से (ग). दो विवरण सभा पटल पर रख दिये गये हैं । [**देखिये** परिशिष्ट ५, अनुबन्ध संख्या ६८]

Kidnapping

441. Chaudhuri Muhammed Shaffee : Will the Minister of **Home Affairs** be pleased to state :

(a) The number of kidnapping and abduction cases registered in Delhi State since the 1st May, 1955;

(b) the number of the cases among them which have finally been decided by the authorities and the number which is still pending or which remains untraced; and

(c) the number of such cases in other part 'C' States during the same eriod?

The Deputy Minister of Home Affairs (Shri Datar) : (a) to (c) A statement is laid on the Table of the House in respect of States for which information is available. [*See* Appendix V, annexure No. 69].

History of Freedom Movement

442. { Shri Heda : / Sardar Iqbal Singh :

Will the Minister of **Education** be pleased to state :

(a) whether it is a fact that the Board of Editors of History of Freedom Movement has received a manuscript in Russian by a Soviet Political Research worker on the 1857 War of Independence; and

(b) the names of other books that have been received so far from other countries in this regard?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das) : (a) No, Sir.

(b) As it is a very long list, it is suggested that the Hon'ble Member may contact the Honorary Secretary, Board of Editors, History of Freedom Movement in India.

However the number of books received so far is 65 excluding a number of letters, reports and copies of speeches etc.

भूतत्वीय सर्वेक्षण

४४३. **श्री अमर सिंह डामर** : क्या **प्राकृतिक संसाधन और वैज्ञानिक गवेषणा** मंत्री यह बताने की कृपा करेंगे कि :

(क) मध्य भारत के नमाड़, झाबुआ, तथा धार जिलों में किये गये भूतत्वीय सर्वेक्षण कार्य में कितनी प्रगति हुई है ; और

(ख) क्या यह सच है कि झाबुआ जिले में काफी मात्रा में अभ्रक के निक्षेप पाये गये हैं ?

प्राकृतिक संसाधन मंत्री (श्री के० डी० मालवीय) : (क) और (ख). आवश्यक जानकारी विवरण-पत्र के रूप में साथ ही प्रस्तुत की जाती है । [**देखिय** परिशिष्ट ५, अनुबन्ध संख्या ७०]

अफीम का चोरी छिपे लाना ले जाना

४४४. **श्री अमर सिंह डामर** : क्या **वित्त** मंत्री यह बताने की कृपा करेंगे कि :

(क) १९५४ में कितनी निषिद्ध अफीम पकड़ी गई है तथा उस का मूल्य कितना है; और

(ख) इस सिलसिले में कितने व्यक्ति पकड़े गये हैं।

रक्षा और राजस्व मंत्री (श्री ए० सी० गुहा) : (क) सन् १९५४ में १५९ मन १ सेर ५० तोले निषिद्ध अफीम पकड़ी गयी जिस का मूल्य लगभग ४ लाख रुपये होता है ।

(ख) उपर्युक्त अवधि में जिन मामलों का पता लगा उन के सम्बन्ध में ६,७९८ व्यक्ति गिरफ्तार किये गये ।

Indian Military Academy

445. Sardar Iqbal Singh : Will the Minister of **Defence** be pleased to state :

(a) the number of cadets who passed out of the Joint Services Wing of the Indian Military Academy, Dehra Dun during this year; and

(b) the number of cadets out of those referred to in part (a) above who proceeded for specialised training for (i) Army Commissioned Officers, (ii) Naval Officers' Training Establishments and (iii) Air Force?

The Minister of Defence Organisation (Shri Tyagi) : (a) and (b) The Joint Services Wing is no longer located at Dehra Dun; it was shifted to Khadakvasla in January 1955. So far one passing out parade has been held at Khadakvasla, *viz.* in June 1955, from which 22 Naval cadets and 30 Air Force cadets have proceeded to Naval and Air training establishments for specialised training. The course of instruction for the Army and Air Force cadets at the Joint Services Wing, Dehra Dun, was of two years duration and for Naval cadets of three years: at Khadakvasla it will be of three years for all cadets. The third year course for the Air Force has not yet started and the Air Force cadets who passed out in June, 1955 did so after two years training. The first batch of Army adets will be passing out of the Aca (my Khadakvasla in June, 1956 after mpleting their third year course, which (mmenced in July, 1955.

Criminal Cases

446. Shri Biren Dutt : Will the Minister of **Home Affairs** be pleased to state:

(a) the number of criminal cases pending since 1952 in the lower courts of Tripura;

(b) the number of such cases launched by the police; and

(c) the reasons for delay in their disposal ?

The Deputy Minister of Home Affairs (Shri Datar) : (a) 137.

(b) 57.

(c) Delay has been due to accused and witnesses having crossed over to Pakistan and the transfer of Magistrates necessitating *de novo* trials.

Welfare Projects in Andhra

447. Shri Gadilingana Gowd : Will the Minister of **Education** be pleased to state :

(a) the name of the place where the State Welfare Advisory Board for Andhra is situated ;

(b) the number of Welfare Projects in Andhra State taken in hand so far and also those approved for 1955-56; and

(c) the names of the areas selected for these projects ?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das) : (a) No. 5 Santhome High Road, Mylapore, Madras-4.

(b)

In hand	To be started	Total Sanctioned for 1955-56
12	5	17

(c) A statement giving the requisite information is attached. [*See* Appendix V, annexure No. 71].

Periodicals and Journals

448. Shri Kajrolkar : Will the Minister of **Defence** be pleased to state the names of the periodicals and journals in the regional languages that are placed in club rooms for reading by the military personnel ?

The Minister of Defence Organisation (Shri Tyagi) : Lists of suitable periodicals and journals are circulated to Unit Commanders from time to time. They are, however, at liberty to use their discretion in selecting periodicals and journals which will fulfil the needs of their particular unit. It is, therefore, not possible to ascertain the names of periodicals and journals which are subscribed to by units without making a reference to them individually; the time and labour involved in doing this will not be commensurate with the result.

राजस्थान में पुरातत्वीय स्थान

४४९. श्री बलवन्त सिंह महता : क्या **शिक्षा** मंत्री यह बताने की कृपा करेंगे कि :

(क) राजस्थान के प्राचीन स्मारकों तथा पुरातत्वीय स्थानों पर, जिन्हें राष्ट्रीय महत्व का घोषित किया गया है, अब तक सरकार ने कितना व्यय किया है; और

(ख) भविष्य में उन का संरक्षण करने के लिये किस प्रकार की योजना बनाई गई है ?

शिक्षा मंत्री के सभा-सचिव (डा० एम० एम० दास) : (क) यह जानकारी इकट्ठी की जा रही है और यथासमय सभा-पटल पर रख दी जायगी ।

(ख) कोई सामान्य योजना नहीं है । यदि धन उपलब्ध होता है तो आवश्यकता अनुसार प्रत्येक स्मारक की मरम्मत की जाती है ।

Industrial Finance Corporation

450. Shri H. G. Vaishnav : Will the Minister of **Finance** be pleased to state :

(a) the number of applications received up-to-date by the Industrial Finance Corporation from Hyderabad State for aid; and

(b) the particulars of the concerns asking for aid ?

The Minister of Revenue and Defence Expenditure (Shri A. C. Guha) : (a) and (b). Four applications from companies carrying on business in Sugar, Cotton Textiles, Oil Milling and Chemical & Fertilisers were received by the Corporation. Of these, two concerns namely (1) The Nizam Sugar Factory Limited and (2) The Dewan Bahadur Ram Gopal Mills Limited and were sanctioned loans of Rs. 40 lakhs and Rs. 20 lakhs respectively. Neither of them have availed itself of the loan. The application of the

third company was rejected while the application from the fourth company was withdrawn.

Youth Camps in Hyderabad

451. Shri H. G. Vaishnav : Will the Minister of **Education** be pleased to state :

(a) the number of youth camps organised in Hyderabad State so far;

(b) the nature of the work done in those camps; and

(c) the amount spent thereon ?

The Parliamentary Secretary to the Minister of Education (Dr. M. M. Das) : (a) During 1954-55 and 1955-56, 63 camps have been sanctioned for Hyderabad State.

(b) The Youths have undertaken manua service like construction of road, repai of tanks, digging of irrigation canals etc. in case of boys' camps and environmenta. hygiene in case of girls' camps.

(c) Rs. 2,88,175/-.

LOK SABHA DEBATES

(Part II—Proceedings other than Questions and Answers)

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(16th August to 3rd September, 1955)

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LOK SABHA DEBATES

(Part II—Proceedings other than Questions and Answers)

LOK SABHA

Thursday, the 18th August, 1955.

The Lok Sabha met at Eleven of the Clock.

[MR. SPEAKER *in the Chair*]

QUESTIONS AND ANSWERS

(*See Part I*)

12 NOON

MOTION FOR ADJOURNMENT

DEMONSTRATIONS AGAINST PORTUGUESE ATROCITIES

Mr. Speaker: I have received notice of an adjournment motion.

> "The serious situation in India arising out of the country-wide demonstrations against Portugese atrocities in Goa, Daman and Diu on, after and before the 15th August, 1955."

I have not known of any country-wide demonstrations.

Shri Matthen (Thiruvellah): Not in the South.

Mr. Speaker: The Hon. the Prime Minister made a statement about some demonstrations in Bombay yesterday and there were some in Delhi.

Some Hon. Members: Calcutta also. Papers have published.

Mr. Speaker: Order, order. There might be demonstrations but that does not create a serious situation which ought to be discussed here. I do not feel like that. I do not think I could consent to this adjournment motion.

Shri H. N. Mukerjee (Calcutta North-East): May I make a submission? I do hope you will bear with me with more than your usual patience, because I feel there are some very serious considerations which promoted me to send this notice. I had a two-fold consideration in my mind. One was that all over the country there have been demonstrations, particularly in a city like Calcutta which was reported to be like a ghost city. Now, these demonstrations showed popular feeling, right or wrong. On the one side there was this popular feeling. On the other hand we have found press reports that satyagaha is not going to be suspended. The Prime Minister has reports of the sublime courage shown by our people, and obviously more people are going there—with the risk of death facing every one of them. We get this two-fold situation. All over the country our people are agog with excitement, right or wrong. On the other hand, the satyagraha movement which has been started is not going to be suspended, and certain steps are going to be taken. Certain people, including Members of Parliament, have announced their intention to go into the Portuguese territory. At this point of time, to my way of thinking it is absolutely imperative that Government shows its hand, because the people are saying in their thousands at their enormous meetings that they want Government to do something. It may be Government can say a certain thing which will assuage the people's feelings, which will give a new turn, which will tell the people that Government is not being supine is not being insensitive to the people's

[Shri H. N. Mukerjee]

desire, that Government is not merely indulging in.....

Mr. Speaker: The Hon. Member may not go into extra considerations now.

Shri H. N. Mukerjee: I am not going into the merits. I have said already that I would like to be more patient than usual because of this...

Mr. Speaker: Order, order. I am absolutely patient in so far as he wants to convince me of the admissibility of the motion, but I find that in requesting me to be patient, he wants to make out or bring out a proposition or a plea that Government should reconsider its policy with respect to Goa. That is an entirely different proposition for which he may give such notice as is permissible. But to allege that a serious situation in the country has arisen and then to bring in reconsideration of the policy of the Government of India with reference to Goa is something which, to my mind, is abuse of the process or the procedure of this House.

Shri N. B. Chowdhury (Ghatal): The situation demands it.

Mr. Speaker: Whatever it may be. The Hon. Member will remember that the position of law and order is a matter for the States. There may be demonstrations. Demonstrations by themselves do not mean that there is any deterioration of the law and order position to such an extent that the Government of India has to assume powers and intervene. The two are entirely different propositions. If he considers, he will himself see, but if he wants to argue under the guise of having an argument for admissibility, the matter stands differently. For that I could not have patience.

Shri H. N. Mukerjee: I request you not to take a purely technical view of the matter. My submission was ..

Mr. Speaker: I have heard him.

Shri H. N. Mukerjee: Please let me finish the sentence. Because this matter agitates every one, may be in my agitation I have gone beyond the limits. My point is that on the one hand satyagraha is going on. On the other hand, people have shown their determination. You have yourself suggested that there should be a discussion in the House. We are ready to sit here till 7 O'Clock today or tomorrow. Why not Government intervene before it is too late, before more lives are sacrificed? The sublime courage.....

Mr. Speaker: Order, order. I have heard him repeating the same thing. It is, in fact, again requesting to have a review of the Government's position with reference to Goa policy. If he wants a discussion, I told him yesterday let some time pass. The Hon. the Prime Minister has also agreed that he will be giving information from time to time, and that if necessary we might consider the question about the policy independently. But the question does not arise because there are demonstrations in various cities. We have no evidence here or even report that the situation has so much deteriorated, that the entire country is over taken as it were with a revolution and the Government of India must intervene at this stage. No such situation has arisen. I therefore do not consent to this.

Shrimati Sucheta Kripalani (New Delhi): May I make a submission?

Mr. Speaker: Not now.

Shrimati Sucheta Kripalani: Could we have an idea as to when we could have this debate on Goa? I understand the Prime Minister has agreed to it?

Mr. Speaker: I stated yesterday that we may have a discussion, but I have not admitted that discussion, nor has the Prime Minister agreed to any discussion immediately. I do not know.

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): Some days ago, two or three days ago, I stated that I would always welcome this House to consider the basic issues or the general policies of Government. I think I said that, because Shri Kamath brought forward some kind of a motion, that if the Opposition or any considerable number of Members of the House wish to discuss that basic policy, obviously the Government would welcome that discussion, because at any time that would be so. More especially in a matter which has international implications it should be clear what the basic policy of the Government and the country is. There should be no doubts about it. So, I would welcome that discussion. Personally I would have thought that such a discussion would be better a little later. I do not mean to say very much later, but I do feel that even such a discussion taking place, as you said, at a moment of rather excitement would somewhat take away from the weight of that discussion. But I am entirely in the hands of the House and you, Sir, in this matter.

May I say, if I may, with your permission, that there is no one who can possibly doubt even without the evidence that we have had about the deep feeling in the country on this issue. That is admitted all round. Even without the evidence it was admitted, and we have adequate evidence of it. The two are reeally separate issues. There is a big feeling in which all of us share. The question is exactly what steps should be taken in a matter which is naturally complicated not only nationally, but internationally, and that requires careful considerations.

Mr. Speaker: Secretary to read the message from the Rajya Sabha.

Dr. Rama Rao (Kakinada): Why not we have the discussion on Saturday?

Mr. Speaker: It was just stated and I share that feeling entirely, and I stated yesterday that such discussions to be useful, to be purposeful, have to be in an atmosphere when there is less of excitement, and that means some time more.

Shri Ramachandra Reddi (Nellore): May I ask you whether it is possible for the Prime Minister to tell the House about any further incidents that have taken place since yesterday morning and whether the rumour that seven dead bodies have been burnt there is correct or not, to the extent he has been able to gather information.

Mr. Speaker: I have already stated and he has also said that he will be making statements from time to time, but not from day to day. This House cannot be used for having information as one can have from a news agency office. It has its dignity, it has its responsibility, facts have to be verified and we must act with some responsibility about it and must not lose our heads merely by excitement.

MESSAGE FROM RAJYA SABHA

Secretary: Sir, I have to report the following message received from the Secretary of Rajya Sabha:

"I am directed to inform the Lok Sabha that the Rajya Sabha, at its sitting held on Wednesday, the 17th August, 1955, passed the enclosed motion concurring in the recommendation of the Lok Sabha that the Rajya Sabha do join in the Joint Committee of the Houses on the Bill further to amend the Code of Civil Procedure, 1908. The names of the Members nominated by the Rajya Sabha to serve on the said Joint Committee are set out in the motion.

MOTION

That this House concurs in the recommendation of the Lok Sabha that the Rajya Sabha do

[Secretary]

join in the Joint Committee of the Houses on the Bill further to amend the Code of Civil Procedure, 1908, and resolves that the following Members of the Rajya Sabha be nominated to serve on the said Joint Committee, namely, Shri K. P. Madhavan Nair, Shri Ram Chandra Gupta, Shri Braja Kishore Prasad Sinha, Shri Bhalchandra Maheshwar Gupta, Shri Jagan Nath Kaushal, Shri P. S. Rajagopal Naidu, Shri Ratanlal Kishorilal Malviya, Shri Lavji Lakhamshi, Shri S. Channa Reddy, Shri Akhtar Husain, Shri Rajpat Singh Doogar, Shri Satyapriya Banerjee, Janab M. Muhammad Ismail Saheb, Shri Radhakrishna Biswasroy; and Shri Narsingrao Balbhimrao Deshmukh."

PAPER LAID ON THE TABLE

STATEMENT *re*: FLOOD SITUATION

The Minister of Planning and Irrigation and Power (Shri Nanda): I beg to lay on the Table of the House a statement regarding the flood situation in Assam, Bihar and West Bengal. Developments in Uttar Pradesh subsequent to my earlier statement on the 2nd August have also been incorporated in this statement. This statement covers various aspects of the situation, such as causes of the floods, progress of flood control measures, floods in 1955, the effect of works already undertaken, and the future programme. [*Placed in Library. See* No. S-259/55.]

With your permission, in addition to the statement I have laid on the Table of the House, I would like to bring out just a few salient features.

As the House is already aware, the disastrous floods of 1954 brought home to us the imperative need of tackling the menace of floods in the country, in a co-ordinated and planned manner. Till then, no systematic attempt had been made to undertake flood-control measures, or even to collect the basic technical data without which no sound flood-control programme could be prepared. The Central Government took the initiative in the matter last year, and as envisaged in the comprehensive statement on floods, which I laid on the Table of the House on 3rd September 1954, special organisations were set up both at the Centre and in the States affected or threatened by floods, for formulating flood-protection schemes in an integrated manner, and for implementing them speedily.

There was only one working season available (from October 1954 to June 1955) to carry out the emergent works after checking the designs on the basis of the data collected, carrying out experiments where necessary, and preparing the estimates. Within the short period, work on emergent schemes was completed as programmed, and satisfactory progress was achieved on others. Work on the collection of hydrological and rainfall data in the Himalayan catchments of the rivers flowing into India has been simultaneously proceeding apace. Negotiations have been concluded for the purpose with the neighbouring Himalayan countries.

The Nepal Government have agreed to the installation of ten rain-gauge stations in the Terai area. The Sikkim Government have permitted the installation of an observatory at Gangtok. The Bhutan Government have permitted the immediate setting-up of ten river-gauge stations, and eight wireless stations. The Chinese authorities, at our request, have arranged to send out wireless messages from Lhasa, giving river-gauge and rainfall readings in the upper reaches of the Brahmaputra in Tibet. These messages give an advance notice of about fifty hours of impending floods in the river. Aerial photography and spot-levelling have been done to the extent of about 26,000 square miles, and 7,700 square miles respectively.

in the course of one season, a good deal of preliminary work has been done, which would ensure greater speed in the execution of works during the next season.

In Assam, the town protection works at Dibrugarh and Sualkuchi, and temporary protection works at Palasbari were completed. In Bihar, a total length of 235 miles of embankments was constructed, of which 70 per cent. was done through public co-operation. This is in addition to the work done on about 50 miles of embankments along the Kosi, in respect of which full details were given in the statement that I laid on the Table on the 25th July 1955.

In West Bengal, works were undertaken to protect the towns of Jalpaiguri, Siliguri, Alipurduars, Cooch-Behar and Mathabhanga. Work was also started on an embankment on the left bank of river Teesta in Jalpaiguri district.

All these works were done in one working season under great pressure. Even so, the works completed have, by and large, withstood the floods very well, and afforded reasonable protection. The spurs erected at Dibrugarh have not only stopped the erosion of the bank but also enabled the accumulation of a wide bank of silt. The embankments on both the banks of the Brahmaputra in Kamrup and Goalpara districts have protected the homes and fields of a large proportion of the people living there. I have been informed that the general atmosphere in the State is much more encouraging than during the last year, and that there is much less nervousness than on the last occasion. In Bihar, the flood embankments constructed have afforded protection to an area of about 1,000 square miles. Further, the Kosi embankments, though not complete, have, it is understood, already conferred benefits in parts of Purnea district by preventing inundation, and thereby promoting a good crop of jute and rice. It has been reported that certain areas which were relatively safe so far have suffered severely from floods this year. This situation will have to be carefully examined.

The extensive flood damage that has occurred in this State arises more from the sustained nature of the flood than its intensity. Though this year the flood is smaller than was the case last year, it covers a more extended period. The works in West Bengal have also withstood the onslaught of floods but for two breaches, which we are informed were due to the unprecedented level of the flood waters overtopping the embankment. In Uttar Pradesh, as I said on an earlier occasion, the floods this year were of an unusual character. Nevertheless, the State Government have confirmed that the works which were undertaken during the last season have given the expected relief.

I have no reason to be dissatisfied with the progress made on flood control works during the space of eight to nine months. While a great deal still remains to be done to achieve for the people of the country the maximum immunity from flood risks, it will be seen that an effective start has been made to tackle the problem of floods on a planned basis. We shall now consider the further programme of works to be executed during the following working seasons. The observations made during the floods of this year, and the experience of the season, will be utilised in preparing the designs, and in working out details of the schemes to be undertaken. Special attention will be paid to the dranage and other problems which have been brought to light. Then Central Flood Control Board will be meeting shortly to consider the programme for flood control prepared by the Central Water Power Commission for its inclusion in the Second Five Year Plan. I can assure the House that every possible step will be taken for the timely completion of the flood control schemes.

Shri S. L. Saksena (Gorakhpur Distt.—North): May I know when this House can discuss the flood situation in the country? I would request that a date may be fixed for the purpose so that this House may give its opinion and its suggestions before the Flood Control Board meets.

Mr. Speaker: Which report is the Hon. Member referring to?

Shri S. L. Saksena: The Hon. Minister has just stated that the Central Flood Control Board will meet very soon. I hope the House will meet before that, and give its suggestions on the various aspects.

Shri Nanda: That Board is likely to meet in the middle of September.

Shri A. P. Sinha (Muzaffarpur East): In view of the importance of the document regarding the flood situation in these four States, a copy of it should be made available to each one of us.

Shri Nanda: That will be done.

Shri S. L. Saksena: When can we expect that debate to take place? It should be before the Flood Control Board meets.

Mr. Speaker: The Board is meeting in the middle of September, and the House is sitting during that month. Then we shall consider whether there should be a debate on the flood situation. First, let us have collection of all facts, as the Hon. Minister is saying.

STATEMENT ON GOA

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): Before I make a brief statement about certain developments in the North East Frontier Agency, with your permission, I should like to give some later figures in regard to Goa, i.e., in further correction of the figures I gave yesterday. These relate to the occurrences that took place on 15th August.

Yesterday I mentioned that 15 persons were known to be dead and 20 were still missing; others had returned, many being injured. Later infomation states that of these missing 20, 10 more have returned. There are 10 still not fully accounted for. But it is our information that 7 out of these 10 were shot down and are dead—this was on the 15th. Thus, the figure of deaths may now be presumed to be 22. There are 3 persons missing now. Of these, one, we know, is detained by the Portuguese Government. About 2, we do not know whether they are detained or where they are. The total figure of injured is 225, of whom about 38 are said to have serious injuries.

STATEMENT *RE.* NORTH EAST FRONTIER AGENCY

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): May I now read the statement about the North East Frontier Agency?

A number of questions have been asked in the Lok Sabha recently about the situation in the Tuensang division of the North East Frontier Agency. During the last few months, there have been sporadic outbreaks of violence by certain elements on the borders of the Naga Hills district and the south of the Tuensang division. These consisted of ambushes in which some Assam Rifles men as well as a number of tribal interpreters and other villagers were killed, some school buildings, houses and some villages were burnt, and medical supplies were looted. Government thereupon sent two companies of the Shillong Brigade in May this year for garrison duty at Tuensang to relieve Assam Rifles for rounding up the violent elements. Troops were used only for garrison duties and not for operations.

Some days ago, we received further information about some of these Nagas who were indulging in violence and arson. They had adopted hit and run tactics. The Political Officer of the Tuensang Division, who is himself

a Naga, reported the presence of organised armed gangs, totalling a few hundred in this area. These gangs possessed fire-arms and some automatic weapons. The Political Officer had received numerous complaints from many villages to the effect that they had been terrorised by these gangs. He suggested to the NEFA administration that these sporadic outbreaks of violence must be promptly and effectively put down. He, therefore, asked for military aid to the civil power. This recommendation was considered by the Governor and his advisers, and they were unanimously of opinion that it should be accepted. Government have, therefore, agreed to send a battalion of the army to the Southern sector of the Tuensang Frontier Division. This will act in close consultation with the local civil authorities and will be withdrawn as soon as these violent elements have been rounded up. This step was considered necessary in view of the evidence of murder, extortion, arson and terrorisation of certain villages so that this trouble may not be allowed to grow and should be fully controlled at the outset. The army has been directed not to use undue force.

Government, are, at the same time, carrying out their programme of developing the tribal areas for the benefit of the tribal people. There is no change in our policy of non-interference with their social customs and tribal structure. It has been found by experience that the most effective way of dealing with these areas which have been recently brought under administrative control, has been to introduce community schemes, with suitable variations to suit the people there. These schemes have already become popular wherever they have been introduced and have diverted the minds of the people to constructive and beneficent activities. Most of the educated elements and the masses of the tribal people are co-operating with Government. Even some of their leaders who had encouraged previously these violent activities, have now denounced violence and promised support to Government in curbing and controlling the violent elements who have been terrorising the population for some months past.

The casualties thus far suffered on our side have been:

Killed: Five Assam Rifles, two interpreters, two wood cutters, one porter and twelve villagers.

Injured: Three Assam Rifles, two porters and five villagers.

Among the hostile elements, the exact casualties are not known but, so far as is known, there have been fourteen killed and twelve injured.

The loss of property thus far due to arson and looting by these hostile elements has been sixty houses and twenty-five granaries, one office building and godown, and two schools burnt. Medical stores and one dispensary looted. Eight culverts damaged.

The hostile elements have collected ransom from the villagers, amounting, so far as is known, to Rs. 2,700/-.

The troops that are being sent to the Tuensang Division will be in position on the 19th August.

COMPANIES BILL—*Contd.*

Mr. Speaker: The House will now resume further discussion on the Companies Bill.

Out of the total time of 25 hours alloted, there now remain 4 hours and a few minutes, one or two. How long will the Hon. Finance Minister take for his reply?

The Minister of Finance (Shri C. D. Deshmukh): Eighty or ninety minutes.

Mr. Speaker: That means 1½ hours. That leaves...

Shri Kamath (Hoshangabad): On a point of clarification. May I know whether the Business Advisory Committee did not recommend that....

Mr. Speaker: Let me finish. I will hear the Hon. Member later.

That will leave us 2½ hours now. I was told yesterday that a number of Members have a desire to speak. I was just considering whether the time should not be extended by me because the Business Advisory Committee had said that the Speaker, if he so liked, might extend the time to some extent. I am prepared to consider that...

An Hon. Member: Five hours.

Mr. Speaker: Not necessarily. I was considering whether we might not carry on this discussion for the whole or more. In all, there are 4 hours in balance, which will include the 1½ hours or so today, and if the Finance Minister replies tomorrow, those 1½ hours will also be added to the time allotted. So that will be a good compromise between 5 hours and something more.

Shri Altekar (North Satara): May I suggest one thing? We have got 2½ hours tomorrow before the Private Members' Business is taken up. Therefore, we should have the whole of today and one hour tomorrow for discussion and the remaining 1½ hours may be taken by the Finance Minister tomorrow for reply.

Mr. Speaker: That will mean an extension of time. It will be 1½ hours, and how many hours tomorrow?

Shri Altekar: One hour.

Mr. Speaker: It will be 1½ hours today, 1½ hours tomorrow plus 1½ hours for the Finance Minister. So it comes to 4½ hours.

Dr. Lanka Sundaram (Visakhapatnam): It comes to nearly 5 hours.

Mr. Speaker: I wanted that this should be finished early instead of being prolonged. It seems points are being repeated over and over again. It is only a question of expressing different views which are already once expressed and expressing concurrence or disagreement with those views. That it what it comes to. However, I am entirely in the hands of the House in this respect. I think it will be better if we prolong the sitting today by one hour.

Shrimati Sucheta Kripalani (New Delhi): We have got a Select Committee meeting to day.

Mr. Speaker: That is going to be there everyday.

So let us accept the first compromise which I had suggested. I had suggested it considering all difficulties. The programme that is suggested today is that we go on with this for the whole day today and then tomorrow.....

An Hon. Member: One hour.

Mr. Speaker: Not one hour. Tomorrow the Finance Minister will reply. That would be the best thing. It is no use keeping him also in suspense as to when he will be called upon to reply. That is how we proceed. If necessary, we can sit for half an hour more today. So we will take up that business now.

Shri B. K. Ray (Cuttack): I was dealing yesterday with the subject of adequacy of the provisions of the Bill relating to the protection afforded to shareholders' rights.

[MR. DEPUTY-SPEAKER *in the Chair*]

I do not complain that the Bill is without effective provisions for protecting the shareholders' rights. But my point is that despite all efforts, they fall short of the requirements of the occasion.

Now, let us first appreciate who the shareholders are. They are common men with petty shares, living in the rural areas far away from the centre of operation of the business—the headquarters—of the company and having hardly any opportunity to be conversant with the necessary information on which they could exercise their vigilance for the protection of their rights. Laws may be there; but laws

standing by themselves do not bring to our doors either security or its enforcement. The person interested in its enforcement must be vigilant about it and must move in the matter to see that the law is obeyed. Delinquency is not very simple to deal with. Reviewing the provisions, we find that they give the shareholders with one tenth of the voting rights to start complaining against oppression or malpractices by the managing agents or anybody else in the company on which investigation or inspection can be undertaken. Now, this again is subject to the condition that they should give a certain guarantee which can be forfeited in case they do not establish their case. I have always been of opinion that it is practically unsound. In our country, people as they are, can seldom combine to have the requisite strength and be ready with proper guarantee in order to canvass a grievance, even if there is a grievance, in fact.

Besides, it has been provided that on a report by the Registrar, investigation and inspection can also be taken. So far as the Registrar is concerned, he under the law, is given copies of all the necessary documents for the purpose of registration and it is, probably, supposed that using those documents as a source he can come to know that malpractices are occurring or frauds are being perpetrated or abuses are being practised. This again is impracticable. Those who are delinquent should be careful enough to hand over such documents which on their very face cannot show anything. I, therefore, consider that the provisions are inadequate.

By way of an alternative suggestion, in addition to these provisions, I would suggest two other things namely that some further provisions be added so as to bring information to the door of the shareholders, say, by the issue of bulletins containing information about the important transactions undertaken by the company both on the expenditure as well as on the capital formation side. Besides, there ought to be some attempt made to encourage the shareholders personally to attend the statutory or annual general meetings. This can be done by the abolition of the proxy system and making provision for allowing them their travelling allowances for coming and attending the meetings; and the meetings also, instead of being held only once in a year, may be made more frequent. To crown all, I consider it proper that there should be a permanent machinery for investigation and inspection, whose business will be complaint or no complaint, to go round to the various registered companies and look to their business. By way of comparison, I will invite the attention of the Hon. Finance Minister to the standing arrangement that is made in every State with regard to investigation and inspection of the business of the cooperative societies. These are my suggestions with regard to the provisions relating to the protection of shareholders' rights and the safeguarding of their interests.

With regard to their voting rights enough has been said on the floor of this House. I have nothing more to add.

The next complaint I find from the dissentient views given by some of the members of Joint Select Committee is that some of the provisions for regulating the management of the company's business are very rigorous and of a resistant character. That is true. These provisions, when enforced, introduce extraneous interference in the internal management of the business. and this may interfere with the originality, drive and initiative of the managing bodies. These arugments are not without force. Well, what is the remedy? In the circumstances, bearing in mind the conditions under which this Bill is to be enacted, bearing in mind the excesses, abuses and malpractices that have been indulged in, in the past, by the managing agents, we cannot escape from having

[Shri B. K. Ray]

those provisions there in the statute. But, however, in order to introduce the element of flexibility, the best solution is that the central administrative authority, whatever it is, either a statutory autonomous body or a separate department functioning under the Ministry, will take discretionary powers to grant relief from those rigours when the circumstances, in the interests of the shareholders, in the interests of the company and in public interests require such relief. This suggests itself to me to be the only remedy.

The only other topic that I have to deal with is with regard to the exemption of government companies from the operation of this Act. This has been taken exception to. And, that is rather natural. I quite appreciate that it would be incongruous as well as anomalous that one department of Government should dominate over or interfere with or in any other way control the business conducted by another department of Government. That may be a reason. But, however, suspicion is quite natural. And besides, we are not always sure that government managed affairs are always proceeding on the right lines. At any rate, far from imputing anything of dishonesty or anything of a suspicious character, red-tapism is there. I do not think we have proceeded sufficiently ahead so as to do away with red-tapism. Red-tapism in ordinarily red-tapism. Red-tapism in ordinary administrative affairs and red-tapism in agricultural or commercial affairs will have different effects.

I will illustrate my point by an instance which did occur. In one State, after the paddy crops had been damaged by floods, the authorities decided that instead of giving the tenants money to purchase seeds for rabi crops it is better that the seeds be distributed to them because money they may spend on purchase of foodstuffs for immediate consumption and may not produce further crops. This decison was taken by the Central authority, may be the Cabinet. It was passed over to the Finance Department for the proper finance. The red tape was 30 miles. Several weeks were taken there and then, after final sanction, it was sent to the Agricultural Department and then to the district head, who took the usual time to appoint the contractor who is to purchase and supply seeds to the overseers. The fact is that when the seeds were taken to the doors of the tenant the crop had been harvested and they were induced to take it for the purpose of consumption. This is the effect of red-tapism in agriculture. Similarly, in business matters, red tapism will not do well. Therefore, my suggestion is that, though Government companies may be exempted from the operation of this law, there must be some code of conduct different from the code of conduct applicable usually to government administrative business, to guide the operations of Government companies.

Then, lastly, I have to invite the attention of the Hon. Finance Minister to the question of liquidation. What is our experience with regard to liquidation proceedings? Those who have been at the bar and at the bench are quite aware that the liquidation proceedings are too long. They drag on for a very long time and it is in the hands of the court, but the administrative machinery is that of the liquidator and his assistants. If statistics are taken, it will be found that by the time liquidation proceedings terminate, the value of the assets collected are more than offset by the expenses incurred in the liquidation proceedings. This happens not only with regard to liquidation proceedings but also in minority properties, guardianship cases etc. Therefore, I would suggest a constructive way that quite apart from the other provisions which give jurisdiction to the court in matters of various decisions of rights as between shareholders, directors, managing agents and all that, so far as liquidation proceedings are concerned, a separate

machinery, which should be judicial *cum* administrative, ought to be set up so that the liquidation proceedings, after they are terminated, may give back something to the shareholders instead of eating up the where of it.

With these observations I support the Hon. Finance Minister's motion.

Shri Gadgil (Poona Central): Perhaps you remember that in 1936, when the Bill to amend the Companies Act was brought before the Central Assembly, the Congress Party took a very helpful and constructive attitude with respect to this question of managing agents. You must be remembering that our party meetings then were addressed both by the representatives of the shareholders and representatives of the managing agents such as they were, in Simla. I remember how very helpful was Shri Kapadia, President of the Bombay Shareholders' Association, who is unfortunately no more, and how he convinced every member of our party about the abuses which were indulged in by various managing agents, and the net result was the amending Act of 1936, which continues up till now. Yesterday, Shri Tulsidas Kilachand made a grievance that what is happening or has happened in between 1936 and now is due entirely to the fact that Government has not been very prompt or vigilant in putting down abuses as they were to be found from time to time. My submission is that even if the Act of 1936 had been used most vigorously and rigidly, it would have been found to be inadequate in the changed circumstances in which we find ourselves today. The Bhabha Committee was appointed in 1950, it made its report in 1952, the Bill was brought in 1953, and now we are discussing the report of the Joint Committee. Something more than mere efflux of time has happened. In 1950 we adopted a constitution in which we have visualised in a rough manner what would be the economic organisation of the future society. There we have guaranteed equality of status, equality of opportunity and that there shall be no concentration of wealth in a few hands. It is not only in the Constitution that these things have been provided for, but subsequent to the inauguration of the Constitution in this country, statements have been made by many parties, including the Congress Party, about this particular problem of managing agency. In the Bombay A.I.C.C. and later in the annual session of the Indian National Congress at Jaipur the Congress adopted the proposition that managing agency should be abolished. What is far more important is that in December, 1954, this Hon. House accepted an amendment to the effect that the future society in this country will be socialist, without a single dissident voice or a single differing vote. If I am entitled to draw any inference from this resolution passed by the Lok Sabha, it is that that policy stands today unless the electorate pronounces something different. Till then it is binding not only on the government of the day but on every section of this Hon. House. Therefore, in the light of that, we have to see whether what we are proposing, so far as this particular Bill is concerned, is conducive or consistent with that or whether we are raising institutions or continuing institutions which are sure to sabotage or at any rate obstruct the incoming of that society for which every one of us is anxious and every one of us aspires. Apart from this, the Indian National Trade Union Congress has also passed a resolution that managing agency should be abolished, and over and above this, it is reported in the papers that our esteemed Prime Minister has also said that he is against managing agency in principle. With this background one has to see whether the time has not come for ending this system altogether.

My humble submission is this. The continuance of this system runs counter to the spirit, if not the letter, of the Constitution. To allow so many

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industries in private hands is in my humble opinion to deny equality of status and of opportunity apart from the concentration of wealth in a few hands. In private industry labour is nothing; it is insignificant. It is only when they threaten to strike or do something the management or the owners consider and think that there is something like the labour force. In public enterprises, in other countries, particularly in the United Kingdom, the directorate contains representatives of labour because everyone—both the management and the labour—feels that it is a joint concern of theirs and that all of them are serving the community at large. That feeling of 'belonging', that feeling of ownership, is entirely absent in the private sector or in industries run by private people. I am glad to note that so far as public enterprises are concerned, in this country some representation is being given to the labour. If we allow the private enterprise to function it means that we are going against the spirit of the Constitution which lays down that there shall be equality of status—not for an individual but equality of status for the labour class as against the capitalist or the management class.

As regards equality of opportunity, whatever may be the faults of recruiting people through the Public Service Commission or this, that and the other, at least there is a fair opportunity for everybody with an aptitude to appear and get a chance. But in private enterprise there is no equality of opportunity because the managing agents—barring a few exceptions here and there— recruit people who are their relatives or who belong to their community or their province. Above all their sons, nephews and sons-in-law figure much more prominently—not that sons-in-law do not figure in other spheres but they figure very prominently in the private enterprise. I remember some years back a certain Chief Minister—a Muslim gentleman of undivided Bengal—was asked: 'How is it that all your four nephews have been appointed to high offices?" He said "They are a brilliant tribe." I find the nephews, sons and sons-in-law of managing agents are of a brilliant tribe and appointments are made irrespective of merit Their sisters and wives also become members of the managing agencies and under one pretext or the other they go on annexing money. The very fact that this is happening in this country goes to show that we are acting against the spirit of the Constitution and that is the reason why managing agencies should be abolished.

Then, there is the last point, namely, concentration of wealth. I think sufficient has already been said. To make the point a little more clear, I propose to point out that out of Rs. 13 crores of managing agency commission payable at present by companies, about Rs. 4 crores are received by less than one dozen managing agency companies which control a number of companies. Payment of remuneration of Rs. 25 lakhs and Rs. 35 lakhs to managing agents by one single company even though there is no necessity of such huge funds cannot be considered reasonable. But that is not all. I shall further be able to show this Hon. House that the state of affairs is much worse than what had been stated above. How the interlinking of directorship and concerns goes to make the concentration of wealth and economic power much more dreadful from the point of view of the community will be evident from what I shall read now:

> "To understand the direct link between such institutional changes and a fair distribution of incomes, it will be necessary to study the working of the joint stock companies. No more than 1,013 individuals held 3,728 directorships of 500 important industrial concerns. Of these just 20 men held over 800 directorships."

What is the ratio of distribution of profits between the managing agent and shareholders? According to the

figures available, from 1940 to 1948, the cotton textile mills in Bombay distributed their profits in the ratio of 38 to 46 per cent between the managing agents and shareholders. The ratio of profit distribution for the cotton mills of Ahmedabad—which I call the Mecca of the capitalist and where the trade unions have all alone been under Congress control and where class strife has been conspicuous by its absence—was 70:30 per cent between the managing agents and the shareholders. It has been calculated that 250 managing agents realise as much as what 19,50,000 share holders do. In terms of money for every Rs. 15 distributed as dividend to shareholders who are mostly from the middle class, Rs. 10 goes to swell the bank balance of the managing agent. That is how the concentration process is working.

I realise that certain improvements have been effected in this Bill. But the point is this. If you know that this cannot be fully remedied due to the character and capacity of the person and due to the fact that the organisation itself is such that 99 persons out of 100 are bound to abuse it rather than make proper use of it, what is the alternative? If the Government thinks that there is no alternative and that this must continue all I can say is that the alternative to public ownership is concentration of wealth in a few hands. There is no third alternative. If after knowing all these facts—I am certain that the Government knows it much more and particularly my Hon. friend, the Finance Minister knows it—they think for one reason or the other that the present state of affairs must continue, all I can say is that in their case, hope is succeeding over their experience. Past experience does not justify the continuance of this system.

Shri C. D. Deshmukh: No one is claiming that the present state of affairs should continue. In other words, if, in Ahmedabad, instead of 30:70 the distribution is 90:10 between the shareholders and the managing agents, obviously the present state of affairs does not continue.

Shri Gadgil: The point is the continuance of the managing agencies under certain controls. Even then as I said you are expecting that in this new atmosphere or the new set-up that you are having they will function honestly and in the manner in which you think they will. All I can say is that hope is triumphing over your experience. I do not share your hope. When everybody agrees that in theory they ought to go, I submit respectfully that there should be no conflict between theory and practice. What is suited to theory should not be changed for practice.

There is a clear case for the ending of this system and nothing very undesirable or chaotic or anything of that kind will happen. If you want to continue private enterprise in some field, all right, continue. But, at least remove this worst feature from the management of private enterprise.

1 P.M.

I am quite aware of the present provisions in the Bill. It seems that having appointed a Committee, having got their report, having introduced the Bill and after having taken so much parliamentary labour during the consideration stage and the Joint Committee stage, perhaps the Government are finding it very difficult to do anything radical now. I appreciate the efforts made by the Joint Committee and the things as they are go to show that by 1960 the Government will have the right to notify certain industries where no managing agencies will be allowed to function. Then every new managing agent will require the approval of the Government. May I suggest one thing? So far as the power of notification is concerned, why not take it from the date on which the Bill becomes the law; because, you are not taking any particular individual but you are considering whether in any particular industry there is no necessity for appointing a managing agency

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or in a particular industry the system of managing agency should continue. It is for you to consider. I remember, Sir, when the Insurance Act Amending Bill was before the House—when you yourself were there—the managing agency was sought to be abolished. But, even in that industry such a row was kicked up by the existing managing agents that some three years' time was given to them—I do not know for what—and later on the managing agency ceased to function in the field of insurance industry. I am. therefore, suggesting—if I am not able and it seems I will not be able to persuade the hard-headed Finance Minister to end the managing agency here and now—that so far as the time factor is concerned he can surely consider my proposition whether even before 1960 he should have the right to exercise the power and end the system industry-wise.

The Minister in the Ministry of Law (Shri Pataskar): May I bring to the notice of the Hon. Member clause 323 which clearly says that without having to wait this power can be exercised?

Shri Gadgil: If that is the implication of that clause I am glad.

Shri Pataskar: That is what that section says.

Shri Gadgil: If that is the implication and meaning I will be very happy. Then my second suggestion is, why wait for 1960 to give approval for this managing agent or that managing agent? Why not take the power right from the date on which the Act comes into force?

Shri S. S. More (Sholapur): They have already got that power, under the Bill. 15th August, 1960 is the dead-line for the termination of the present managing agency system under clause 329.

Shri Gadgil: What I am suggesting is, the dead-line is for the termination of the existing managing agencies.....

Shri S. S. More: Under clause 323 they have got the power.

Shri Gadgil: What I am suggesting is that on the day on which the Act comes into force every managing agency must come before the Finance Ministry or the new department for that purpose and give the proof of its *bona fide* and efficiency and only on that a certificate of good conduct will be given and they will be continued. Instead of keeping the date as 15th August, 1960 or if the termination happens much earlier, what I am suggesting.....

Pandit Thakur Das Bhargava (Gurgoan): It is revolutionary.

Shri Gadgil: What I am suggesting is not revolutionary.

Pandit Thakur Das Bhargava: It is perfectly revolutionary.

Shri Gadgil: I do not think that this small step will become revolutionary. For some people even evolution is revolutionary; that is due to difference in outlook.

Shri S. S. More: How far will it be practicable?

Shri Gadgil: I am glad this aspect is suggested by my friend Shri S. S. More.

Shri S. S. More: I have suggested it because I have no confidence in the present government machinery.

Shri Gadgil: Then the matter is still worse. I have some confidence in the present machinery of the Government—that may be my weakness because of my past history—but, all the same what I am suggesting is that instead of allowing the provision to remain as it is and making it operative from the 15th August, 1960 onwards, just as there is a termination of lease by efflux of time or termination of lease by the fact that a new legislation has come into force, why not accept the latter fact that a new legislation has come into force, Therefore, every managing agency must come before the department concerned, prove its *bona fides*, prove its efficiency and then on the grant of a certificate continue. That is my suggestion.

Shri S. S. More: Will it not be adding to the volume of corruption?

Shri Gadgil: Then we have to choose. Assuming that the Government is full of corruption- which view I do not share—then we have to consider whether we allow the managing agents to fleece the community or whether we allow something to happen in the department the deeds or misdeeds of which can be considered here, thrashed out and completely scrutinised when there will be full parliamentary control. **We have to choose between these two.** I have already made my suggestion which I do not think is a suggestion so revolutionary as to soare away anybody. If there are honest people why should they be afraid of the law? If there are dishonest people why should they be supported by any Member in this House including the capitalist Member? This is a clear proposition. If they Act honestly there is nothing to fear and if they act dishonestly they have no right to get our support.

Pandit Thakur Das Bhargava: Are all the managing agents dishonest?

Shri Gadgil. I have not suggested that the whole community is dishonest. I have enough experience of that and my suggestion is not to indict the whole community or the whole class; but, by and large what I have stated is—in view of the experience that has accumulated both with the Government and with the public and amply testified in the report of the memorandum of the Bombay Shareholders' Association—I submit, is something which ought to be taken serious notice of.

My friend the Hon. Finance Minister, in support of the continuance of managing agencies under this sort of control, quoted what the Shareholders' Association has said. My submission with respect to that proposition is that, it is all right. We are doing justice between shareholders on the one hand and the managing agents on the other. But, what about the community? Whether shareholders or the management, both together form the capitalist class. They together form the private enterprise. My objection is to private enterprise. If you must have private enterprise, well, then the booty must be fairly shared by everybody—shareholders, managing agents, secretaries, treasurers and all sorts of people. But the point is that, if you think that the community has a stake in the organisation of industry in the private sector, then from the view point of the community the certificate of the shareholders that the present Bill is good is not valid. It may be true if only we are confining our consideration to the shareholders on the one hand and the management on the other and are trying to strike a balance in which their interest will not conflict if they cannot coincide under every circumstance. My submission is that the continuance of this system is against the spirit of the Constitution. That is the main point, and, if it cannot be done away with here and now, then I have submitted certain suggestions for the Hon. Finance Minister to consider.

Then, in his speech he said that the ceiling on the emoluments of managing agents may work out to be a hardship in certain cases. I appreciate it. He has been good enough to give me certain instances. Even otherwise some people have been good enough to give me certain instances, but the point is firstly the moral one, and the second point is the material point. If we concede that everybody should be paid as attractively as he considers, then there will be no end to it. That is the first point. This is the problem of incentive. Even under socialist economy, I do concede that incentive has a place. But incentive under the socialist economy works within the framework of the overall social policy. If the social policy is that nobody is to get more than Rs. 30,000, it does not mean there will be no incentive; everybody will try to reach the zenith of income, say, Rs. 30,000; but today there is absolutely no ceiling, and therefore there is a wild race to go as high as possible, the limit being probably the sky. The point is that you should put some limit. Otherwise, the philosophy will be that anybody can

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demand his price. Perhaps technicians, rare technicians from outside...

Shri C. D. Deshmukh: Technicians are not affected by this.

Shri Gadgil: If there are managing agents.....

Shri C. D. Deshmukh: Managing agents also are not affected by the exemption.

Shri Gadgil: Then the point is much more simple. Our own people will not work for this country unless whatever they have contracted for earlier is paid. Every farthing, the pound of flesh, so to say, must be paid. Conceding this attitude to be correct, I ask, in the best interests of the country and in the best interests of having a society of the character we are visualising, will it lead to the proper moral atmosphere or will it add something by way of difficulties in our way towards the realisation of our objectives? I have conceded that there are certain cases in which this may work hardship; in cases where the concern is in its initial stages, where it is not making money. But let us agree to give some power to the Government but let that discretion be a sort of judicial discretion to be guided by certain well-defined principles and precedents. Therefore, in a very constructive way, I suggest that, if ultimately the Finance Minister thinks that taking the whole thing into consideration Government must have some power of making exception, there should be a limit in terms of money. Today you have put the limit of Rs. 50,000. Do not open the door wide and go on adding a zero to it and making it Rs. 5,00,000, Rs. 50,00,000 and Rs. 5,00,00,000 and so on. It should not be an endless business. Keep something in your own minds. If you can give some concrete examples of these principles on which you propose to use your discretion, by all means put it in the statute. Or, let us at least have an assurance that it will range within a certain limit and within which the discretion will have some play and some operative influence. Therefore, firstly, if possible put it in terms of money.

The second point is about the number of directors. Suppose a concern can have six or seven full-time directors; if they know that the Finance Minister is going to give some relaxation, then they will think; why not have four or five full-time directors on Rs. 3,000, Rs. 4,000, Rs. 5,000 or Rs. 6,000? Therefore, I suggest that the Finance Minister should take the job of the particular company, the technical things involved and the economic activities of the company and all these relative factors into consideration. They are bound to be taken into consideration and by all means, let them be taken into consideration. But then you must put some limit on the number of directors. Otherwise, as I said, it will open the gate for your discretion being not only properly used but used otherwise. There may be firm-mindedness on the part of the Government. This mental strength or firm-mindedness can be applied in a different sense because in the commercial sense, Government may be firm-minded and may help the managing firms, and the managing firms, whatever they have been doing so far, are more of 'managing' than 'management' and more profiteering than profiting. Speaking for myself, I am prepared to give this discretion because there is force in what the Hon. Minister has said, but let me be assured that this discretion will be used in terms of certain well-defined precedents and principles.

Thirdly, even if there is relaxation, the Minister should see that no man gets more than a certain ceiling. That is the third suggestion that I would make. Because a man has contracted to be in a position on Rs. 4,000, does it mean that we should continue to keep him? He should make a sacrifice when we also are

considering the hardships. If there is hardship, both sides must undergo some sacrifice and the sacrifice should not be entirely demanded from one side. Therefore, the limit should be in terms of overall ceiling in terms of money, and the number of directors and individual ceilings.

The managing agents are supposed to supply capital for their individual concerns. To what extent do they supply it? Some say it is 10 per cent. or 25 per cent. or whatever it is. What I find from the Government policy is that if the industry is not doing well and cannot compete with imports from other countries, Government will give protection, and the industry will be built up behind the tariff walls. When it is properly built up, then it is expected that its products will be sold to national consumers at a lower price. Then the argument that we can have a better price outside will come in. Then they may ask for a retention price. When the industry was not on its legs the consumer suffered under the policy of protection. Our patriotism was appealed to, national sentiments were appealed to. We agreed. But when the concern is going on all right and cannot get more because it is not allowed to export, does it mean that every time that concern must have the pound of flesh of profit and if there is loss it must be helped? I am almost tempted to say that losses on private enterprise are national and the profits are private. This is how it comes to. The moment there is something, immediately the Government will reduce the export duty, this duty and that duty. But while the agriculturists were shouting when the prices went down, we were told Government is carefully watching the situation, is aware of the situation, and when the relief came, the grain had gone away from the producers and the bania was in possession. The additional advantage as a result of putting some floor price was annexed not by the produce but by the middlemen.

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Shri S. S. More: The bania is always the gainer.

Shri Gadgil: I will answer you elsewhere and not here. The point is, so far as the finances are concerned, today Government gives them finance by way of retention price and we are told that whatever they earn under that system is to go towards the expansion of the business. Well, their capital has increased and their shares have gone up since the retention price was granted in respect of steel, and the steel shares are going up. There, the value of the capital concern has appreciated capital block has become more substantial as a result of retention price. You have done this at the cost of the community. There is no necessity now.

Shri Kamath: For the general elections.

Shri Gadgil: There was that necessity when the industry was not able to stand on its legs and when it wanted protection, though in the end it might make large profits, it was perfectly correct to grant protection as the industry was necessarily to be built up during that stage. But now it is not necessary. Now, the Government have provided industrial financing through corporations at the Centre as well as in some States. Banks are advancing money; subsidies are given. Then what exactly is the function these managing agencies discharge?

Raw material prices are assured by the Government; if there is any little trouble, immediately the Government will operate the excise duty in such a way as to reduce their losses. As I said, their losses are national and their profits are private. Therefore I ask, why give undue importance to these people, when the main function they did in the past is no longer of the same intensity and of the same size?

I now come to management. They are talking that they are very good

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managers. Of course, the Finance Minister had been very shrewd in just indicating the alternative form of management. I ask him to think further and make it compulsory, so that there will not be a vacuum somewhere. Some people fear that there may be vacuum; I say there will be no vacuum, just as there will never be a vacuum so far as profit-making is concerned. Yesterday I said, a poet who does not claim originality and a capitalist who runs his concern at a loss are still to be born. So, there is going to be no vacuum; if you drive them from this industry, they will go elsewhere and continue to earn profits. But the point is, from the larger interest, by all means suggest an alternative. Here the capitalists are throwing out a challenge; let us take up the challenge. Do not think that they are geniuses and are so efficient. Go through the records of the various High Courts and find out how many insolvency petitions have been made in the course of the last 75 years. Is that not an indication or proof of their competence? I remember a case and if I am allowed the time.....

Mr. Deputy-Speaker: The time is already over.

Shri Gadgil: I will finish soon. When the war started, a certain engineering firm had some trouble with their labourers. An arbitrator was appointed—I will not name the gentleman, but he holds a high office—and I appeared on behalf of labour. I showed to the arbitrator that on the 2nd of September, 1939, each director was getting Rs. 250, but within four months, each one of them was getting Rs. 1,500. I said to them: "Look here, I do not mind your geting more; but why don't you share that prosperity with the poor people?" They said, this is a testimony of our ability, initiative, this and that. I asked them, where was your capacity during the preceding 15 years when you declared no dividends, when your shares were practically out of the share market? If anybody is to be thanked, thank Hitler, because he started the war and you are now prosperous. The labourers are not denying your claim to some share, but they only want that they should be also given something. I therefore suggest that the challenge of the capitalists that there is no alternative and that all public concerns are very badly managed should be accepted. I remember when I was a Minister, a certain big businessman challenged that nothing could be done in the Sindri factory. I showed him within a period of one year that whatever the Estimates Committee reported was completely liquidated and the factory started in the right time and now it is doing good business. The point is that it is not that there is no talent or no capacity for organisation, this that and the other; but the fact is that somehow or other the capitalists' influence is not limited merely to citicism line, but it goes much that way. That is the reason why we must accept the challenge. I I ask the Finance Minister to take up the challenge and evolve an alternative formula and incorporate it in the Bill itself, so that the liquidation of managing agency much earlier than the 15th August, 1960, will be an accomplished fact.

Shri Viswanatha Reddy (Chittoor): Mr. Deputy-Speaker, at this stage of the debate, it is very difficult for anyone not to repeat what has been said; and everyone who speaks will be exposed to the criticism that there is too much of repetition in the speech. However, I will confine my remarks briefly to only a very few points with regard to which I have to make some observations.

Judging from the discussion of this measure in this House, in the Press and outside, I should think that this Bill can be renamed as Managing Agents Control and Regulation Bill instead of the Companies Bill. So much of disproportionately large time and energy has been spent over the

question of managing agency. I would like to refer to a peculiar theory that has been propounded in this House as well as elsewhere, the theory that the Company Law should be an instrument for social reform, that is to say to bring about a socialist pattern of society in this country. I beg to submit with great respect to all those Members who hold that view that this is a confusion of thinking. I think that Company Law arises after the assumption that there is scope for a certain amount of public activity in the private sector. After that assumption, I do not know how it would be possible for anyone to say that the Company Law will be an instrument to bring about social reform. I think it is clearly a confusion of issues and we should come ourselves to controlling certain ugly aspects of corporate activity in this country.

I might briefly to the question of managing agents. According to the provisions of this Bill, a great deal of control is proposed to be exercised on the managing agency system. In certain types of activities, managing agency is completely prohibited, and in certain other types of industry where the managing agency system is allowed to continue, a great deal of control has been placed. In fact, if the Government so wills, it can put an end to the managing agency system by 1960, according to the provisions of this measure. There has been a great deal of abuse and criticism with regard to the managing agency system I do not stand here to champion the cause of this system, but I am only anxious to see that whatever little effort that the private sector is going to make in furthering the industrial activity in this country, it ought to be allowed to make that without any fetters. I feel that there has been too much of abuse and criticism of the managing agency system. Even assuming that this system has been admittedly abused by certain individuals and certain groups of individuals, I think Government itself is not quite clear what to do with this managing agency system. They seem to feel that, though they have provided that as far as State undertakings are concerned, the managing agency system will not function, they are not quite definite as to what to do with the private sector. They have provided, and they hope, that by 1960 an alternative system to the managing agency system will be evolved by the private sector, so that the changeover from this system to the alternate system like the directorate, secretaries, treasurers etc. will take place without any undue displacement of the industrial activity in this country. I am quite sure that the provisions as they are with regard to controlling the managing agency system are quite enough and this Bill need not be made an instrument for the establishment of a socialistic pattern of society. After all, this Parliament is supreme and it can at any time pass a measure declaring that there need not be any activity in the private sector, in which case, it will serve the purpose of establishing a socialistic structure of society.

Another provision in this Bill says that no firm can be a managing agent for more than 10 companies. That is the celling that has been fixed. To my mind, the harm is not done so much by the concentration of managerial activity in one firm as by a combination of managerial responsibilities as between financial institutions and ordinary commercial concerns. That is the greater harm. I should say that there must be a clear bifurcation between the financial institutions and other commercial concerns as far as the managerial establishment is concerned. I find there is no provision in this Bill to provide for such a thing. I hope the Hon. Finance Minister would consider this aspect of the matter.

In this Bill, greater privileges have been conferred on the shareholders Apart from the provisions regarding the transfer of shares, by the provision that the directorate should be elected on the principle of proportional representation is a healthy one, and there need not be any fear that holding just 50 per cent of the shares will result in capturing the affairs of

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a single company. There is proportional representation; the minority will always get representation and there need not be any fear that the majority will rule the day. In this connection, I may make a small observation regarding the provision whereby Government is empowered to nominate two direcors in the directorate. When there is provision for proportional representation in the directorate, in which the minority shareholders can have a voice I do not see any reason why the Government should be clothed with power to nominate two directors in any company. Obviously, the directors that are likely to be appointed on the representation of the shareholders of a company are naturally going to be officers of the Government. I do not know what experience these officers will have with regard to the management of a company, and also with regard to the affairs of a particular company which may be concerned, with a type of industrial activity in which these officers may not have any experience at all. I think these officers, when they go and sit in the directorate, will not be helpful to the shareholders whom they astensibly represent. They will be just dummies there, sitting and hearing what is happening and they will not be helpful at all. I do not think this provision is necessary in view of the fact that proportional representation in the directorate is provided for in this Bill.

Regarding the question of remuneration for the management of these companies, I am rather confused about clause 197. I really cannot make much about this clause. As far as my understanding goes, there is a maximum fixed with regard to remuneration and also a minimum. There are a number of clauses which are not subject to this clause and also there is an overriding power in this clause with regard to other clauses. This question of remuneration is rather ticklish. It has been admitted that the average remuneration for management of copies in this country is about 13 per cent. of the profits. The maximum that has been fixed in this Bill is 11 per cent of the net profits. I have no quarrel with this provision. This quite approximates to the average. I should think that even the companies will be quite happy over this maximum. Regarding the minimum it has been said that their remuneration, including all emoluments and commission cannot be more than Rs. 50,000 when there is no profit in the company. This provision works as a great deal of hardship on the companies which have been just started and which during the initial years of their activity may have to suffer loss, and during which period the management of this company will have to exert their utmost and see that the company succeeds. Therefore, a small provision that this clause regarding the minimum may not be applicable to the companies that have been started newly is necessary. It may be provided that for 5 years from the date of the starting of these companies this clause regarding minimum may not be made applicable to such companies. With this simple amendment, I should think that the purpose will clearly be served.

There is clause 199 in this Bill which says that in future no management can receive tax-free payment. I do not know clearly what the purpose of this provision is. If it is the purpose that the employees in these companies should not get too much of remuneration, that can be provided for otherwise than in this Bill. To mop up the excess incomes, there are other instruments in the hands of the Government. After all, only during the last session, we have provided that the Income-tax law itself that perquisities cannot be allowed over and above a certan maximum to the officers or employees of compaines for the purpose of Income-tax. Some such provision will serve the ends that we desire, rather than a provision of this kind in this Bill. However, this is a very small point. It can be considered in the clause by clause stage.

I have to say something about the problems of the administration of the company law. According to this Bill, the administration of this law is to take place in two ways. One is mainly through the Economic Affairs department of the Ministry of Finance. To assist them in the administration, it is proposed that a statutory Advisory Commission is to be appointed. With regard to some provisions, the decision of the Government is absolutely final. With regard to certain other provisions, the Advisory Commission will give advice to the Government and the Government may or may not accept this advice. With regard to certain other provisions, if the Government differs from the advice given by the Advisory Commission, the rules framed, and so on, and the reasons for differing from the advice of the Advisory Commission should be placed on the Table of both the Houses of Parliament and that gives an opportunity for discussion of the decisions by the country. However, I find that a large number of provisions in this Bill are mandatory and regulatory. That means a great deal, and discretion is left in the hands of Government. How is this discretion exercised? It is usually exercised through the officers of the Government. The implication of this is that the officers of the Government are asked to decide on questions regarding commercial undertakings. With all due respect to the members of our administration in this country, I must say that they are not competent or they are not trained to take decisions on matters connected with industry and commerce. It has been voiced several times in this House and outside in the country also that it is absolutely necessary for us to evolve a cadre of service which will be conversant with industry and commerce. As it is, we are putting some of those officers who are trained only in bureaucratic type of administration, who do not know how to take quick decisions with regard to commercial matters, in charge of the administration of this law under which a great deal of discretion is vested in the hands of Government. I think in practice this will result in undue delay and hampering industrial activity in this country. For the future also we are thinking in terms of enlarging the public sector, in which case it is about time that we try to create a cadre of service and train them for looking after industrial undertakings. Therefore, I think it is appropriate time to think in those terms and try to do something in the matter. Of course, this is not strictly within the provisions of this Bill, but I am just making a suggestion which I hope will meat with the approval of the Government.

With regard to Government companies it has been provided in clause 614 that it is in the discretion of the Government to say which are the provisions of this Bill which will apply to the companies sponsored by the Government. There are two parts of this clause. The first part says:

> "The Central Government may, by notification in the Official Gazette, direct that any of the provisions of this Act (other than sections 612 and 613) specified in the notification:—
>
> (a) shall not apply to any Government company; or
>
> (b) shall apply to any Government company....."

I think this sub-clause (b) can safely be omitted. After all, the company system of managing our undertakings has been thought of in order to import all the advantages of company managment, in order also to import the idea that business-like manner of managing public undertakings should be inculcated in those who are in charge of the administration of these companies. Therefore, I think that as far as possible as many provisions as possible of this Bill should apply to the governmental undertakings also. However, in certain special cases Government may be given the power to exempt certain provisions of this Bill. Therefore, both the purposes can be served by omitting sub-clause (b) of clause 614. I think I will have something to say in respect of this when

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the clause by clause discussion takes place.

In conclusion I have to say that a measure of this bulk will naturally be not perfect as has been admitted by the Finance Minister himself. No doubt, certain improvements will be made at the later stages of the consideration of this measure. The Finance Minister has also pointed out to us that the very fact that the Government has been clothed with a normous powers under this Bill will have a salutary effect on company management. I am sure hopes of the Finance Minister will be fulfilled and the private undertakings that are going to function under this Bill will play their part and act for the best of the country.

Shri T. N. Singh (Banaras Distt.—East): I thank you for giving me an opportunity to speak on this very intricate measure. It has also aroused a lot of controversy and all kinds of views have been expressed. It was but natural that such a big measure should evoke so much of controversy.

The main controversy that has raged during all these days of the discussion in this House has been over the question of managing agency. I would like to take that subject much later, but in the beginining I wish to point out one aspect of company law administration which I feel has not been touched at all in this comprehensive measure.

In these days of private enterprise, development and all kinds of companies that are growing, a system has arisen whereby a number of public limited companies form a kind of super company. In America and other places, they are generally understood to be corporations. This is happening here also. In another sphere of my activity, in one of the committees I had occasion to examine some of the biggest industrialists and entrepreneurs of this country, and I was told—we were all told in that committee—that the future development of companies is going to be in the line of these corporations which will be formed by several companies joining together and contributing to the major part of the shareholding. It was very frankly admitted that they have not got the finances to invest. Secondly, they are not prepared to risk whatever they have. There are all kinds of new fields of industry which should be developed and they have not that enterprise to risk their capital on such things. As a matter of fact, in the plans that we envisage for the next five years we want to develop industries in all kinds of new lines, and the private sector is expected to play its parf, but I want to assure the House that no private industrialist, no house of managing agents is going to provide the risk capital for that purpose. They will either require the Government or the various finance corporations that have been established to provide the finance, or the companies which they manage should provide it. This is what is going to happen. If corporations are formed out of so many public limited companies in which the managing directors hold hardly 15 or 20 per cent of the shares, on the strength of this minority shares in five or ten companies, they become virtual owners of that bigger corporation, and there is nothing in this law to prevent managing agency from organising and running such companies. There is no provision. Government may say that they have got the discretion to ban any corporation, but they have also got the discretion to allow such corporations. Are we clear in our minds on this point or not as to whether persons should risk the capital of so many others, especially companies in which they are only minority shareholders, and play with that money, by forming a managing agency of their own? As it is, they can form such a managing agency, and they will not disclose who are going to be the future shareholders. Government cannot ban this sort of thing, and ordinarily they will not be able to prevent the formation of such a managing agency. Once such an agency is formed, and the persons who are managing agents of that concern have

got controlling interest as managing directors or as directors in charge of the various public limited companies, what is going to prevent them having such a system? I feel that this is a serious lacuna in this Bill. Such a kind of activity should never be permitted. It is against all morals, and against ethics and rules of public behaviour and conduct, and therefore, this should never be allowed. I am really much grieved that no provision has been made to prevent this

The Minister of Revenue and Civil Expenditure (Shri M. C. Shah): About what? There are holding and subsidiary companies. What does the Hon. Member mean by super-corporation? We do not quite follow.

Shri T. N. Singh: I think I was quite clear. Anyhow, in order to make my point clear still,.....

Shri Achuthan (Crangannur): Please give an illustration.

Shri T. N. Singh: Suppose there are companies A, B, C and D.

They are all public limited companies, and they are not even managed by managing agents. Yet, in all these four companies, the managing directors who hold ten or fifteen per cent of the shares are virtually the managers and controllers of these public limited companies.

Shri M. C. Shah: They are governed by the provisions of the Act.

Shri T. N. Singh: Please hear me out first. First understand what I am saying.

Now, these four companies have got reserve capitals, and they can invest their money in some other company. Suppose a new company X is formed in this manner; the shareholders of that company in future are going to be these companies A, B, C and D. Suppose while forming that company, the person says that this will be run by a managing agency. Then, this will be a public limited company, but it will be run by a managing agency. The managing agency of that is the same as the directors of these four or five concerns. There is nothing against that. Only for a holding company, you have put restrictions. But please look at it from the point of view of the company formed in the above manner, which has got holding companies which are all public limited companies.

Shri M. C. Shah: How can there be any such thing? Can you give any instance here in India, if you know it?

Shri T. N. Singh: I have been connected with one or two concerns; they were not profit-making concerns, but they were companies all the same. I was connected with a concern like the National Herald, and I was free to invest whatever savings in the company there were in any other company by purchasing shares. I was free to do that.

Shri M. C. Shah: May I invite your attention to certain clauses in the Bill with regard to investment, with regard to the holdings of these public limited companies and other companies, etc? There are so many restrictions now placed on them.

Shri T. N. Singh: I have seen them. Those restrictions are in regard to how much one can hold, i.e. how much one company can hold in another company. That is quite another thing altogether.

What I was saying was that another company is formed, the share capital of which comes from various companies which are all public limited companies; these companies from a closed caterics, and they are there. In all, there are about ten to twenty public limited companies today. I can say, and the Hon. Finance Minister probably is not unaware of the fact, that there are today several public limited companies which are virtually owned by a house of big financiers and industrialists; they are all public limited companies, and there is no managing agency there. And their money can be utilised for floating other companies with a managing agency system. This is what I was saying. I think by now it would have been clear to the Hon. Minister. I

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want that this sort of thing should be totally banned, and there should be no discretion either way left to anybody whatsoever. I am very clear on this point.

I am also sorry that we have not got before us the picture as regards the amendments to be moved for audit purposes. I wish I had those amendments. I have my great grievance against the audit organisation as it is functioning today. I feel that the chartered accountants' organisation needs to be overhauled. I want to put a straight question to the Hon. Minister, namely whether it is or is not a fact that in the several cases of investigations going on in regard to hiding of income-tax, the advisers of those people who are hiding income-tax are chartered accountants. The evaders of income-tax are being advised systematically by a number of chartered accountants. I do not mean anything against the whole organisation as such, I have got all respect for that noble profession, and I do not mean anything against them. But I do hold that today it is possible, and it has been possible, for many persons to evade income-tax with the very sound advice that the chartered accountants were able to give.

[PANDIT THAKUR DAS BHARGAVA *in the Chair*]

I would like to have before me the whole picture as to what is going to be done about the audit organisation and what is going to be done in case it is found that an auditor has been delinquent or has neglected his duties. What is the professional sanction, what is the legal sanction, and what is the administrative sanction against that auditor? I do not know what sanctions there will be. I am yet waiting for the amendments which the Hon. Minister is going to bring forward.

Shri M. C. Shah: There are provisions in the Chartered Accountants Act in respect of that.

Shri T. N. Singh: I know them. But are they adequate?

Shri M. C. Shah: Yes.

Shri T. N. Singh: My point is whether they are adequate. Unless something is done about this. I do not see how any kind of second or double audit or any other thing which the Hon. Minister may provide for by his amendments is going to help us. So, I shall very carefuly watch the actual proposals that are going to be made in regard to the audit of these companies.

The third point that I would like to deal with, before I come to the subject of managing agency, is in regard to Government undertakings. I want that the highest ethics and standards of conduct should be maintained for any Government undertakings. I am not ashamed of the performance of our undertakings so far. I think compared to the various acts of omission and commission of the private enterprise, the performance of our State undertakings is a thousand times better. There may have been mistakes. But the colossal mistakes that have been committed by various private concerns are something of which none can be proud.

Then, it is also a fact that for all the cases of tax evasion and for all the cases where blackmarketing has been done, it is the very same private sector, which we are trying so much to extol and to uphold, that is responsible. So, I want to be very careful that there are very good and healthy provisions for Government undertakings. I am sorry that the Hon. Finance Minister could not keep to his undertaking given at the time the original moiton was being discussed here, that a separate chapter would be included in respect of Government undertakings. The present provisions do not satisfy me, for the very simple reason that today Government undertakings are being run on various lines. There is the system of total investment by Government; there is also the system of 51 per cent, 49 per cent, 60 per cent

or other per cents of investment by Government; in this way, all kinds of permutations and combinations are there, so far as the contribution to the shareholding is concerned. Then, there is also another system, according to which Government contribute to the shares first, and then they also contribute to debentures on the assets of the very same company. Then, Government make advances and loans also.

One of my grievances against managing agency especially has been that having purchased some shares, i.e. a proportion of the total shares, they do not want to invest their own capital. Then, money is advanced on debentures, so that the entire company's assets are mortaged. Thus, it transpires that the same party is the managing agency, and the same party is issuing debentures and also holding shares. This is a thing which is not proper according to financial rules.

2 P.M. So I feel that this is a bad system and it should be done away with. Any law which permits this kind of investment is bad. Secondly, it has yet to be considered whether it is permissible under the Constitution itself. I have grave doubts whether it is possible to transfer shares to each official like that. *Benami* transactions of transfer of shares are done by private owners, private managers, private managing agents and private company owners. But here we go on transferring from one officer to another. This system somehow does not appeal to me. We must regularise it. We must set forth as to whom it should be transferred, by designation of his function, saying that such and such person, the Secretary of such and such Ministry or the Deputy Secretary will be there. That I can understand, but now at the whim and pleasure of the person that is there at any time, we are having this kind of thing. That is not proper. This irregular transfer of shares also leads to unnecessary expenditure by the Government. That has to be regularised. I would have very much liked if the picture had been made clear by the Joint Committee itself.

Coming to the managing agency system, I must pay a tribute to the hardihood of our colleagues on this side who have stoutly defended the managing agency system. I am saying 'hardihood' deliberately because they are themselves in that position, in the category of managing agent and company promoters. And in this House, for people who are interested in particular things, to plead for them is Hon. Members should realise.....

Pandit S. C. Mishra (Monghyr North-East): That your side has become managing agents for the whole nation.

Shri T. N. Singh: That is another thing. Here is a private undertaking-I am referring to these private undertakings. They should not have tried to influence the House in their own interest. That is unfair. That should not have been done.

Mr. Chairman: What about public undertakings? Government are owners of public undertakings. Should Government also not vote?

Shri T. N. Singh: That is not the question. I was only referring to this, that according to our own behaviour, rule of conduct, if some Members are actually interested in a particular thing—the Finance Minister is not interested.

Mr. Chairman: There is a rule which we have got according to which if any Member has got personal interest in a particular matter, then he cannot be allowed to vote.

Shri T. N. Singh: Suppose the question of managing agency is at stake. I happen to be a managing agent. My whole future depends on that. If I plead the cause of managing agents, I am trying to help myself.

Mr. Chairman: It is an abstract question. It is not a question of direct personal interest.

Shri T. N. Singh: I would not like to make any personal attack and, therefore, I desist from that. But I have

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brought this only as a general point. Howsoever that be, I feel, as one who entered public life thirty years ago at the call of Gandhiji, that there is no place in modern India in the India of Gandhiji and Nehru, for intermediaries in economic activity. That was the reason why we all went for abolishing even the smallest of the zamindars. He was not such a menace to equality of wealth, equality of distribution. He was a very small man; yet he was an intermediary, and that was our objection and therefore, we said, he must go, an intermediary has no business to exist. That was the approach. Now, I want to know whether the managing agents are or are not an intermediary between the shareholder and the company itself. That is a fact, that they are an intermediary. I am sorry side issues have been raised unnecessarily. The question of risk capital, the question of providing something so that there may be no vacuum—all these questions have been raised. There was the question of vacuum without zamindars, even the smallest of them, who probably were not getting even two square meals a day, and yet they were abolished. I happened to be one of those small zamindars. I went about, even at the risk of the displeasure of my old mother, calling on people to destroy the intermediaries. But here if we raise this point, that managing agents should go, these intermediaries must go, we are asked to have patience, we are told that the whole national economy will topple down, there will be destruction, there will be disturbance, there will be dislocation. That is what we are told. Where is the vacuum? What vacuum is going to occur if such a few handful of intermediaries in the matter of company management are not there? Have not companies survived without managing agents? Are there not several noble cases of companies which are being managed by directors only? That has happened. Then it is said that they are experts. Compared to some of the things that have been managed by these experts, I think the Sindri factory is an example of creditable work. Today its products are being sold at rates cheaper than even of some foreign manufactured fertilisers. Their cost of production is quite low, despite the many mistakes and errors—of which I was a great critic—which have happened. So compared to that, these people who have managed, have mismanaged things terribly. And whose money is it? It is public money. The small savings of the middle man, the middle class people. It is on them that usually shares are in the end unburdened by the managing agents. This is what is happening. It is their money. It is just like our fault. I admit, very frankly, that when it is public money, very few of us can be careful. Many of us are extravagant with public money, here in Government and other places. Shareholders' money is a kind of public money. But so far as the managing agents and unfortunately also some of the managing directors are concerned, it is nobody's money. Zamindari was extinguished because there were some taluqdars who went about showing off their wealth and grandeur, I say there is nothing to compare the grandeur, the showing off and the ostentation which the capitalists are indulging in Calcutta, Bombay, Madras and Delhi.

An Hon. Member: And Kanpur.

Shri T. N. Singh: I am glad he has reminded me of one city of my own State. There are other places also. I say, the sin of this ostentation is going to be very serious. I know many of our friends here have felt very strongly about it. They have felt that something was being done which should not have been done. They are agitated. I say it would probably have been kinder to the managing agents to finish them off today. If it is not being done and if they take advantage of the discretion which Government have in allowing so many managing agencies ir future Heaven help them because this process cannot go on and the country will not tolerate it. Everybody is pleading that Rs. 50,000 is too

little, 10 per cent or 11 per cent is said to be be too little. But, nobody has pleaded for that small zamindar I am coming again to that, Sir—who did not get even two square meals a day. Nobody said a word. There are many of us here and also outside who do not know what is going to happen to us tomorrow, wherefrom shall we feed our children, how shall we educate them. I myself do not know. Yet, there are people here who plead the cause of persons who must get Rs. 60,000, Rs. 70,000 or Rs 80,000. Then they say there may be difficulties. There may be two or three managing agents; what will happen to them? This is our anxiety for them. I wish the same anxiety was shown also in other directions. But that has not been done. In the name of shyness of capital, in the name of not creating a vacuum, shall we perpetuate all this? I appeal to this House and I appeal to our managing agents and our managing directors: for God's sake do not create a sitution in which ultimately it is these persons who will suffer. That is what is going to happen. I can assure you that there will be evasion of income-tax, there will be black-marketing and all kinds of loses and there will be hidden money out of the accounting system on the advice of charactered accountants ....

An Hon. Member: Corruption.

Shri T. N. Singh: ...and corruption also and they will certainly spend their money in ostentation. That is bad. But supposing they do not spend then it is a national loss also because that money will lie unused which should have been used otherwise.

Mr. Chairman: The Hon. Member's time is up.

Shri T. N. Singh: I shall finish in five minutes.

That will be the position. Therefore, I am very strongly of the opinion that the system of managing agency should be ended. I do not hold that it is possible for us to nationalise everything. It is not possible. I also know that willy-nilly we have to allow some of these persons to function. But, they will have to function in the interests of the nation. That is what I want to be assured. Believe me, Sir, national interests and public interests can hardly be compatible with unlimited or very large incomes, in the shape of remuneration. Let us not shirk the issue. If it is national interest that these industries should develop, that the capacity of our men should be utilised to the best purpose, it is also true that this cannot be allowed to be used as a plea for any amount of income that any one can get, for any kind of life that one can lead, living in luxury and comfort when millions of our fellow-men are in the streets, are in poverty and are in squalor. This is what I feel. Why are you forcing the issue? Today somebody may say it is a revolutionary process, it is a revolutionary Bill. It is not. But the non-incorporation of certain very essential features which some of us are advocating may bring a revolutionary situation soon. This is why I say that it is better that the system is ended.

Another thing that has grieved me is that the Secretaries and Treasurers are a new class that are being created to take the place of the managing agents. We are so much afraid of a vacuum, though in a vacuum electrons and other things function better according to the scientists—even radio-activity is there to a greater extent. But the Secretaries and the Treasurers are going to take the place of the managing agents and that too without any restrictions. Already our managing agents are finding ways and means of evading the law and they are also seeking a solution by which they can take rest. We have provided that very thing—the Secretaries and Treasurers. I feel that this fear of vacuum must end. This fear that private capital will not be forthcoming must end. If private capital is so unpatriotic, so anti-national that it will come only at the price of 100 per cent. profit or 200 per cent. security and permanency, then we better not have that capital. We would much rather have the sacrifice of a few pice from every

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Indian national and run our concerns and run our economy. That is my appeal.

Shri S. L. Saksena (Gorakhpur Distt.—North): This Bill is one of the most fundamental Bills which we are considering. We have already seen that the Second Five Year Plan is to consist of a public sector which will spend about 4300/- crores of rupees and the private sector which will spend about 2200 crores of rupees. Many companies will be floated and what will be the management of the companies is a matter of the most crucial moment. Therefore, this Bill is a fundamental Bill because it lays down the structure of the management of those companies.

When I was speaking on the State Bank of India Bill I had suggested in my amendments that the number of directors drawn from labour and from employees should be equal to the directors drawn from shareholders. At that time it was not accepted and the Finance Minister was pleased to make some observations. I would like to read out a passage from his speech. This is what he said.

> "Now that leaves only one big, important matter, and that is, the representation of the employees and all the consequental amendments. Certain Hon. Members, especially from the Opposition, are in the habit of advocating their pet theories on each and every possible occasion. There are occasions on which they should be properly discussed. I have no doubt that these are very important matters, and I do not propose to be drawn into a controversy here and now as to whether workers should be represented on the Board and, if so, in what particular manner, on industrial concerns generally and on concerns which belong to Government in particular. That is a very big issue which will require to be discussed on the floor of this House when a suitable opportunity presents itself. There will be numerous aspects of that matter and one cannot by way of just a solitary amendment get such a revolutionary principle accepted. I submit that that is a matter which ought to be considered at greater leisure and more deliberately."

Sir, this is what the Finance Minister had said on that occasion only three months back. I had then expected that in this Bill on company law he would certainly make some provision about the representation of labour on the directorate of the companies equal to that of the shareholders. But, in vain have I gone through the Bill and found that no provision is there. In fact, I am surprised that no indication is given that there will be some amendment, even though the Labour Minister of the Government of India has himself suggested it. He is reported in *the Hindustan Times* of July 23, 1955 to have said:

> "The time has come for providing for workers' participation in management and a scheme should be worked out to facilitate this during the Second Five Year Plan.
>
> Facilities should be given to workers to acquire and hold shares in establishments so that many of them may come to have personal stakes, however limited, in the operation and success of the undertaking, Mr. Desai said in a broadcast from Delhi.
>
> He declared that labour 'as the largest single factor in the creation of wealth will come of age in the new order' based on a socialistic pattern.
>
> Mr. Desai said: The decision of the Government to shape the country's economy on a socialistic pattern, as a means to the establishment of a welfare State is of profound significance to labour. Labour will no longer be the isolated and neglected wage-earner that it used to be; it will be an honoured partner in the greater adventure of nation-building."

This is what the Labour Minister has said and yet I find that when we make this law, the Companies Bill, and we are laying down the pattern of the management, no provision whatsoever has been made for labour. There is no provision giving them facilities to hold shares. In fact, several of them, that is, workers, tried to acquire shares, but they were not available. The managing agents carefully see that they do not pass into our hands because we might make some strong criticism of their affairs. There is no provision in this Bill which can enable the workers to hold or acquire shares of concerns in which they work and whose wealth they produce by the sweat of their brow. Much has been said about the disaster that will follow if labour comes on the directorate of these companies. I was surprised to hear even you subscribing to that view. A very interesting reason was given by Shri Tulsidas Kilachand why they should not be there. In U.K. labour leaders were appointed as directors, who turned capitalists. He is very anxious to see that we are not corrupted by being among those friends. I would tell him that his observations only prove that when labour goes on the directorate, it becomes much more responsible and behaves much better. That is the experience in U.K. Our Prime Minister has returned from a tour of the Soviet Union. Some time back he went to China also and to other countries like Yugoslavia, etc. He also said that labour should have joint partnership with capital. But in this Bill it has not come so. I wonder whether there will be a Government amendment to that effect. While the Minister of Labour says something, the Minister of Finance brings some other thing in this Bill and is absolutely silent about the provisions for having labour on the board of management. I therefore trust and hope that the Government would bring in some amendment which will provide for an equal share for labour with the shareholders.

You Sir were worried as to what will happen if all the managing agents go. I want you to see for yourself the example of China. I am told that you are very soon going to tour that country on behalf of the Parliament. China has been free only for the last five years; they were liberated on the 1st October 1949 and I was amazed to see big factories there having 100,000 spindles being managed by ordinary people rising from the ranks of workers. Out of their labour heroes and model workers, they have recruited managers of those factories and they were running the factories in a perfect manner. I would give you some idea of the progress which they have made during the last five years. In the year 1950, the first year after their liberation, they had a budget for Rs. 1,200/- crores, of which Rs. 300 crores were set apart for industrialisation of the country. Next year the budget became Rs. 2,500 crores; in the third year Rs. 3,500 crores; in the fourth year Rs. 4,300 crores; and in the fifth year Rs. 4,600 crores, and 70 per cent. of the increase in income was derived from income from industrial enterprises. That shows that this system of management is quite sufficient and it has been able to produce results which very few countries have been able to do—their progress is phenomenal.

I have in my hands a copy of their five year plan. This plan was launched in 1952 and it covers the period from 1953 to 1957. The Chinese Government proposes to invest Rs. 15,000 crores roughly in their first five year plan. By 1957 they will have invested Rs. 15,000 crores and our Second Five Year Plan is estimated to cost only Rs. 6,500/- crores roughly, which means theirs will be three times bigger than ours. We will complete our next Plan in 1960. Out of this, they are spending 58.2 per cent. on industrialisation and 19.2 per cent. on transport, posts and telecommunications, and the rest on cultural, educational and other activities. They are spending 3 per cent. on trade, banking etc., which means that about 81 per cent. is being spent on industry, bank, trade and commuunications out

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of the plan. All these are managed, not by managing agents, but by young directors drawn from the labour classes—labour heroes and model workers. I want the Government to take a leaf out of their book. It is not enough, that we only praise them and not copy at least that which has proved to be of great significance by results. I therefore think that it is absurd to say that the managing agents cannot be replaced; they can be replaced. More than these managing agents, it is the managers, technicians, chief chemists, chief engineers who are responsible for the success of the factories. If the Government has got the strength and the courage, they may meet the challenge of the managing agents and appoint those persons in charge of the concerns. As somebody said, the Indian Service of Managers is already there. They are already working in the industry and you have only to entrust them with power which they need.

Just now my friend, Shri Gadgil, gave interesting figures. He said that 20 persons in this country between them hold 800 directorships. I could give similar figures for the U.S.A. Some time back I was reading a book and it said that 12 persons in U.S.A. control 57 per cent. of the entire wealth of the U.S.A. and those 12 persons are more powerful than the Cabinet of the U.S.A. Therefore, I say that these 20 persons in India, who control 800 directorships, are more powerful than the Cabinet of the Government of India. The accusation laid against the Government that it is a capitalist Government is really this. Our Prime Minister may be a great person and a world figure, but he himself is a prisoner of this system and cannot get out of it so long as that system prevails—the managing agency system. These 20 persons will hold all the power and he cannot get out of their influence. We want a socialistic pattern of society, but how can we have it? We simply cannot have it because the managing agents will not allow us to have it. Therefore, in spite of all that is said in this House, from the Congress benches as well as Opposition benches, that this system should go, still the Government clings to it, not because the Prime Minister likes it but because he dare not abolish it. You know the case of Shanmukham Chetty in connection with the Income-tax Commission. We do not know how many Chettys are there—there must be many more. We know what the Income-tax Commission has been doing and yet they have not been able to lay their hands on the bigwigs. I, therefore, think that so long as the system of managing agency continues, you cannot have a socialistic pattern of society in the country. This is the crux of the whole problem. If twenty persons are allowed to hold eight hundred directorships in this country they will continue to rule this country whether Jawaharlal is the Prime Minister or anybody else is the Prime Minister. This is the fundamental issue before us. Merely talking and befooling the country by saying that you want to establish a socialist pattern of society in this country will not do, if when you come to face real facts like amendments to the Constitution or progressive amendments in important enactments, you were to shirk. I, therefore, say, if you really want to proceed on the road to socialism, then for God's sake abolish this system. This Government is the most weak-kneed, I say. As my hon. friend said yesterday, at the time of the elections, these people will offer you a few crores of rupees. When they earn crores and crores, why should they bother to part with a couple of crores. But they are out to loot the whole country; they will loot millions and millions of poor people in this country by giving you a few crores for the elections. Therefore, if you are really serious about what you talk, abolish this system root and branch. You must not be afraid of the challenge. You must trust the workers and the workers will take the responsibility and rise to the occasion. They have done so in America; they have done so in Russia; they have done so in Yugoslavia and more recently they

have done so in China. I am not saying this; your Prime Minister said this. This is what he said:

"Mr. Nehru said in Russia there was a high degree of mechanization in all activities, not only in industry but in agriculture also. Boys and girls were given a mechanical bent of mind. He referred to the extra-school activities of Young Pio Children in Russia were well looked after. There were holiday homes for them all over the country. Last year about five million pioneers had a month's holiday at the Pioneers' Rest houses.

There were also rest houses attached to big factories where a tired worker could spend a night in more comfort than he could have at home so that he would be fit for work the next morning.

Mr. Nehru said Russian workers, both men and women, worked at a very high tempo. Wages varied from a minimum of 500 roubles (a rouble is equivalent to a rupee) to a maximum of 5,000 roubles a month. Single families had large earnings because both men and women worked. Some of the goods like ordinary food were cheap but clothes and other consumer goods were rather costly.

The Prime Minister was full of praise for the building plan of Moscow which, he said, was being implemented sector by sector.

He said the way the manager of a factory and the worker was clad, it was difficult to distinguish who was who. All people were simply clad."

This is the creation of workers. These are not the exaggerations of a communist, but a plain statement of our own Prime Minister.

I may here remind the House how powerful these managing agents are. Our Father of the Nation was shot dead at the house of one of these managing agents. Yet till today we are not able to acquire that house. Any other, even ordinary, person, would have built a big memorial. But we cannot do it today, because the owner of the house says that he shall not part with it and the Government cannot acquire it. I, therefore, say that this House should be ashamed to continue this system any longer. If this system is to be allowed to continue, I would say that all our efforts in connection with this measure extending over a period of nearly ten years, is like that of a mountain in labour producing the proverbial mouse.

I have been particularly concerned with the sugar industry. Every year I have to fight with the managing agents for bonus for the workers. The balance sheets no doubt are published. But they are all faked balance sheets and even our highest tribunals have condemned them. The High Court of Allahabad has held that they cannot be relied upon; the Appellate Tribunal have said that they cannot be relied upon, and therefore, we must find other means of finding out the bonus due to the workers. This is the judgment of the highest tribunals in this land about the veracity of the balance sheets; and yet nobody is prosecuted, nobody is sent to jail; millions of rupees are allowed to be swallowed by the managing agents. The result is that the shareholders lose; the labour suffers.

You know very well about this industry—how labour is being treated in it. I think I have been to the factory with which you yourself were connected...

Mr. Chairman: I am no longer connected with any managing agency or such factory.

Shri S. L. Saksena: I am glad you have left it.

But I would like to tell the House that these balance sheets are completely faked. You have no doubt provided for balance sheets, but you have not provided there as to who can sue. The Government will not do

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it; the shareholders will not have the money to do it. The only body which can do it is the trade union. It is the body which is vitally concerned with the bonus. But you have not made any provision for the trade unions to sue the managing agent if the balance sheets are false. If only there was such a provision the balance sheets will be more carefully drawn. Labour have not even the power to purchase shares; otherwise they can be put in as shareholders. Along with the other amendments, which Government may bring to this Bill, they should bring one giving this power to bring a suit against false balance sheets to trade unions. They should be permitted to own shares in their names.

Various are the ways in which these managing agents cheat the country as well as the shareholders. Many of them have already been described by hon. Members who preceded me, but I shall give a few novel ones. One of these are *benami* transactions. We know very well that a few years back sugar was sold for Rs. 50, and sometimes even Rs. 70 a maund. But can you show a single company in this country which has shown it in the books. In all cases the sale price is shown as Rs. 30, or Rs. 40 at the most. The sales were mostly made to their own relatives. This is what is called *benami* transaction. These are the findings of a committee which was appointed to go into this question. But nothing happened afterwards.

In the purchase of stores how much money is swallowed is known to everybody. A very extraordinary thing is that managing agents no longer finance the industry. In fact, in Uttar Pradesh cane prices are not paid until the sugar is sold out. About Rs. 2½ crores of the cane growers money is still pending with them. Not only the cane growers, but the labourers of the Khadda factory and the Padrauna factory have not been paid their wages for six months. So, these managing agents no longer finance any industry, which was given out as one of their functions. Pioneering they no longer do, because Government itself is now the pioneer of industrialisation. We have now got a plan which lays down which industries should be started. The sugar factory owners of U.P. are running their factories by withholding the labourers' money. The U.P. Government has been unable to get payments made to the labourers.

It has already been said how managing agents make appointments. Almost every high post is held by some relative of the managing agent. Punjabis would keep only Punjabis, Marwaris would keep only Marwaris, and even the smallest posts would be given only to them. This is a very bad feeling, the feeling of anti-Punjabi or anti-Marwari, that has been created. It is because the managing agents have all the power in their own hands.

One more thing. Shri T. N. Singh said something about auditors. These balance sheets which are known to be false and which are declared to be false by the highest courts cannot be made unless the auditors and accountants are a party to it. They are the persons who give the skill as to how they should make false balance sheets and keep false accounts. I therefore think that when balance sheets are found to be false, not only the Directors but the auditors should also be punished. There should be provision for punishing the auditors with the same term of imprisonment as managing directors if the balance sheets are found to be false. Because it is they who prepare the balance sheets and pass the accounts, and nobody else. And if they only want, they can avoid this. Therefore, if you want to stop this evil, you must provide that the auditors and chartered accountants who give their names and sign the balance sheets should also be held responsible and they should be punished with the same term of imprisonment of two years as the others.

Sir, you have rung the bell already and I do not want to take more time. If I had the time I would have given you something more about managing

agents and how they are cheating the country. But I would only say that if this system will not go, then all this Bill is useless and your plea that you want to have a socialistic pattern is all fales.

Shri Sarangadhar Das (Dhenkanal—West Cuttack): A great deal has been said about the managing agents, both for and against, and I particularly wish to mention the representatives of business interests in this House who have sung nothing but praise for the work of the managing agents for establishing industries in India. In order to combat their contention I wish to give a little background of the history of industrial development in India.

It is well known that there was very little industry, that is modern industry, steam-driven machinery and so on, in our country in the nineteenth century. It was at the beginning of the twentieth century that the textile industry began to grow. But the prosperity of the Indian textile industry, as well as of any other industry, was against the interests of the British; and they put all kinds of obstacles in the way of its growth. It was the *swodeshi* movement of the first decade of this century, which was motivated by the desire to boycott British goods and particularly Manchester textile goods, that put the industry on its feet.

It has been contended by many of the speakers that one has to consider both capital and labour in judging an industry. But my contention is that besides capital and labour there is the consumer who plays a very great part in bringing about prosperity in industry. If the general mass of people had not patronised Indian textile goods beginning from about 1906 or 1907, and if there had not been a complete boycott of Manchester goods during the salt *satyagraha* in the thirties of this century, the textile industry could not have survived; it would have gone down very long ago. So it is not right to say that it is the managing agents, the managers of these factories, who have established these industries. These industries have been established by various agencies which are not recognised generally by people. I think the part that the consumers play in this respect has not been mentioned so far by anyone here.

Then we come to the sugar industry which was mentioned just now by my friend Shri S. L. Saksena. The sugar industry also had a boom in the thirties, beginning from about 1931-32 when a high protective duty was imposed on Java sugar coming into this country. And since then that duty has remained, although it is now a revenue duty. But the industry receives that amount of protection. The consumer has been paying to the tune of several hundred crores every year to maintain this industry. Besides what Shri Saksena said about non-payment of the price of cane to the growers and also of wages to the labourers, I want to say here that the sugar industry in India, particularly in North India, is the most inefficient in comparison with similar industries anywhere else in the world.

At the outset I want to point out, as I have done many a time before, that if these managing agents, the owners of small private capital, who established this industry in North India had any intelligence or competence, they would not have placed the industry in U.P. and Bihar. Because, the climate of North India is not suitable to the growth of sugarcane. And—I have said it many a time and I will do it again—I make this prophecy that some day or other in the future you will have to move this industry to the south—to Madras, Maharashtra, Mysore and places like them. If they had been efficient they would not have put the industry where it is none.

And besides that, what did they do? The petty traders in textile goods who had ten or fifteen lakhs of rupees in the family, they went to U.P.; they saw hundreds of acres of sugarcane growing, and they put up factories in every station on the then Bengal and North-Eastern Railway. And there were some stations where they—not

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the same party but two or three different competitors—put up two or three factories. Later on they came to grief, because there was competition for the same cane from the locality, and each one of them could not get what was needed for his factory. They could not run to capacity. If I were to speak about the inefficiency of these *enterpreneurs* it would take me a long time, but I will not be allowed that time. Till three years back, when I was a member of the Sugar Committee I came to know that there was no steam efficiency scheme in the sugar factories. By steam efficiency I mean that in a factory the bagasse, that is, cane refuse should be sufficient to run the factory and to supply all the steam that is necessary. But all our factories even today use fire wood wherever it is available or coal in addition to baggase which shows how inefficient they are. That is the way these factories have been running under the "efficient" management of the managing agents.

If you go deeper into it, you will find that the factories have made profits—the textile and sugar factories—by not playing fair with the consumers or workers. For instance, take the textile industry. The swadeshi movement put the textile industry on its feet. In the 1920s they found that they could get South African coal cheaper than Bengal coal and they bought South African coal. This was their patriotism and this was their way of playing cricket with the consumers and others in India.

In the sugar industry a protective tariff was imposed for both parties—for the millowners or manufacturers who made sugar and for the cultivators who grew cane. But what happened? Till 1936-37 they were paying five annas a maund of sugarcane; they were paying four annas a day to unskilled labourers because in those days the workers had no organisation and the farmers had no *ma bap*. Later on when the first Congress Government came to power they raised it to eight annas. Gradually it has been going up since then. It is not only the protection that has kept the industry going but also the low price paid to labour and for cane that had brought profits. So nobody should shed any tears when the managing agency system has to be eliminated. I do not say 'liquidated' because that is the language of totalitarian countries. But in a democracy anything which is found to be an evil and about which people are convinced can be eliminated by legislation and by other peaceful methods.

Unfortunately our Government is said to be afraid of vacuum; it is really afraid of vested interests. Consequently instead of abolishing the system altogether at one stroke it gives it a span of life again. It will again be reviewed in 1960. The discretion is in the hands of the Government as to what they will do in 1960. I wish to point out that the day is gone when you considered labour unintelligent and unfit for doing anything. It is not so now. I have myself worked in several manufacturing concerns in India and I have found that the so-called managing agents who claim to be very efficient are nothing of the sort. They have kept the financing of the concerns in their hands. It is the technical manager, chief engineer, skilled operatives, etc. who run the factory and produce the goods. The managing agents or the directors of the company bring the finance and they sell the goods. The finished articles are sold by them and in doing that they are not only amassing wealth as managing agents but also their goods are given to sole distributors who happen to be their relations. In the sugar crisis of 1950-51 it was these relations who were their distributiors and the factories handed over the sugar to them. Sugar was in their godowns in plenty while there was scarcity all over the country and the price went up to Rs. 100 a bag or Rs. 50 a maund. In these ways they not only monopolise all parts of the trade connected with the industry but also put in their own relations in technical posifions like chemists,

technologists. In this industry particularly—I know very well about this—for about ten years beginning from 1932 the technical men had no place. They would be taken today to be sent out tomorrow when the prόprietor's or managing agent's son-in-law or nephew or some other relation has been an understudy to the technical man for about two or three months. Then he says: "Daddy, I have learnt the business; why do you keep this man on a thousand rupees a month"? Immediately he is thrown out. The point is that they are not only monopolising everything in the family or caste but also running the factory inefficiently. It is no matter how brilliant a son or a son-in-law may be, he may be brilliant enough to run a commercial business, but in a manufacturing business technical ability is the first thing necessary and the factory cannot be efficiently worked by a novice of two or three months training looking round the factory. By employing their relations on all sorts of positions—technical and non-technical they have lowered the efficiency of the factories. That is another charge against the managing agency system.

If I had my way and I had the power, I would be bold enough to abolish this evil as we abolished zamindari system. I would abolish it right away. But I know that I am only crying in the wilderness because the Government have the steam roller which will pass the Bill as it is, without any amendment. Therefore, I want to make some constructive suggestions.

The first suggestion I wish to make is this. If the Government really desire to abolish the system in five years from now, they should immediately start a cadre for industrial and commercial managers and technical men and train them in the next five years so that the latter can take the place of these managing agents. There would be no vacuum. I am not afraid of the vacuum myself. But I am saying that if the Government is afraid of it, they should start building this cadre from today. So far many developmental schemes have been initiated by the Government and many enterprises have been started but uptil now, there is no cadre of this sort—managers, technical directors, technologists etc., in different industries. This is something in which the Government fails. It does not do it in the right time and later on says: "Here is a vacuum. How can we do it?" I say to the Finance Minister and to his colleagues in the Government to start this cadre right away as soon as the Bill is passed.

3 P.M.

Then, some of my friends have pleaded for an autonomous body to look after the affairs of the companies. I, somehow, do not agree with that view. I believe that the Government should have this power and the Government should have this responsibility so that we can hold the Government responsible some day if they fail to carry out their responsibility. We are not able to discuss the matter relating to these autonomous bodies like the Industrial Finance Corporation, or the D.V.C., or the Hindustan Steel Company that has begun to operate now, or the Company proposed to be started with Russian aid. Being autonomous bodies, we in Parliament, although we grant them money by shares, are not able to discuss their affairs and make our criticism felt by these bodies. From that point of view I would say that the Government should have full responsibility and they should be careful in avoiding red-tape. What I mean to say is, so far we had administrators to administer law and order. Practically the services were doing—the administrative service and the executive service—the work of a police State. Now, we have all kinds of development. Business people's work and commercial men's work we are taking into the Government. Therefore, it is incumbent on the Government to conduct the affairs of this new department that will be created to look after the affairs of the companies in such a way as to absolutely eliminate red-tape. If there is an application for the floatation of a new company it should

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be attended to immediately. There should be enough staff to attend to it and give permission or withhold permission within a few days as it would be done in a business house. These things are done in a business house very quickly. People always say that Government red-tape is at the root of all the evil in our country. I admit that is so. But, now that the Government is taking to State enterprises, it is going to control business of companies, their working, whether they are working properly or not, whether they are taking funds from the public and utilising them properly; when the Government is taking all these responsibilities it should do it in a businesslike manner. In other departments which are not concerned with the manufacturing process and business it may be possible to have red-tape if they are so enamoured of it, but in this new department which is going to be opened there should be no red-tape. It should be absolutely prompt in its work and should not harass anyone or show any favours to anyone. Corruption and nepotism should disappear from this department. Therefore, I urge upon the Finance Ministry to realise this responsibility which is much bigger than the finance department itself—the income-tax, excise or other departments. In this matter of production whatever is needed by the producer companies should be attended to promptly and there should be no delay. No sort of delay should be brooked by the Finance Ministry.

Sir, after saying this much I want to say for our future guidance that neither managing agents nor secretaries and treasurers are required to manage these manufacturing companies. If the new branch of the Finance Ministry to look after the affairs of the companies will work efficiently then it can train the small company promoters. It can train them by propaganda and by issuing booklets as to how to manage small companies, where the market is and so on and so forth; that is to say, this new department of the Finance Ministry should be the guide, friend and philosopher of the small companies about whom our friend Shri Tulsidas said that they do not know how to get finance and they will be handicapped with the innumberable provisions of this Bill when it is passed into an Act. It is only this department that can help the small manufacturing concerns, eliminate managing agencies as well as secretaries and treasurers and fill the vacuum by having all the work of the companies done by directors. Each director will take a department for himself and be responsible for it. He will be a full-time monthly paid man who will do the work and the managing agents will not be necessary.

Shri Altekar: Sir, when the Company Law is being amended and consolidated it is bound to be affected by the economic policy of the State. It is not a matter which can be thought in the abstract. We have to take into consideration how companies are floated, how capital comes in, investments are made, company affairs are being managed and profits are being earned and distributed. All this has to be taken into consideration and while drafting this Bill we are to see that the companies are required to play a role which is consistent with the economic policy of the State.

There were certain Hon. Members who said that the Company Law is to think of nothing but the relationship between the shareholders and the management. My Hon. friend Dr. Krishnaswami referred to the observation that was made by the Cohen Committee and it was quoted in the Bhabha Committee Report. I will only read a small passage from it. Here it says:

> "Questions of economic policy should be dealt with by legislation directed to that subject and kept distinct from the general law governing company."

That is not the only quotation that they have given. They have also cited the Directive Principles in our Constitution which require that the means

of production should not be concentrated or, rather, kept in the hands of a few people, and that the income should be evenly distributed. They also quote from the Planning Commission. Not only that. They have also given the observation of the *London Economist* and said that it is also clear that the execution of Government's economic policy must itself largely operate through the medium of companies. We have to see that the company law is not an end but rather a means to an end. From that point of view they have clearly enunciated and stated:

> "In the Chapters that follow, our object will be to consider to what extent it is possible to adjust the structure and methods of the corporate form of business management with a view to weaving an integrated pattern of relationship as between promoters, investors and managements...."

I am not going to quote it at length—

> "So that the attainment of the ultimate ends of social policy is helped and not hindered by the manner in which the corporate form of business organisation works in this country."

We are to see that the industrial policy that we have enunciated is helped, is advanced and is furthered by the law that we are framing and not in anyway hindered and retarded. That is the very object which we are to seek in this legislation. I do not say that this Bill can in anyway enunciate an economic policy but that this Bill corresponds to and is in consonance with that economic policy and furthers the end, and from that point of view we have to see how far we are achieving this aim. I would like to point out that we are, as a matter of fact, serving that purpose through this measure.

We do want that the private sector of industry has to flourish. In the industrial policy resolution it is also stated that if all the industries are to go at a rapid rate and if they are to industrialise the whole country, all the industries have to be brought as soon as possible to a stage where the people are able to contribute their share and the companies are allowed to play their role, and from that point of view we are legislating this Bill here. It has to be seen that this is not only our view. Even in the Minutes of Dissent that have been appended to this Bill, we find that even Shri K. K. Basu and others on the other side have stated that the private sector has a role to play in our industrial development and we are to see that that role is being fulfilled. We have to approach this subject in that light and we are to see that sufficient scope is given to them and the abuses that we find are eliminated. There will be certain restrictions; there will be certain limitations placed, but these limitations are there for the purpose of removing abuses and to see that the role that the industrialists are to play is played well. It is complained by many that these restrictions and fetters are coming in the way of industry and that they will be great handicaps. Here, I am reminded of an incident where a remark was made by my principal in the college when I was at the college. There was a meeting and the principal said that discipline and proper behaviour must be observed in the hall and he added that gentlemen 'will' and the others 'must'. Those who are following the methods of honesty, integrity and proper behaviour will not feel any sort of restriction or handicap, but only those who want to achieve, somehow or other, large profits by any means whatsoever will certainly be curbed and their bad activities will largely be restrained. That is the principle and that is the aim of this legislation and from that point of view we are approaching and drafting this Bill.

I would next like to say that there may be some irksome provisions in the Bill. There will always be a little bit of irksomeness there. In an imperfect world, we have to deal with and play our role amongst others who are not so honest, and so a little bit of irksomeness will be there. There is a

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very good proverb or rather a saying in sanskrit:

अकुर्वन्तोपि पापानि शुचयः पाप संश्रयात्
परपापैनर्वनिश्यन्ति मत्स्या नागन्हदे यथा।।

Even though certain persons are good and may not by themselves misbehave in anyway, if they are to work in company of persons who are not behaving in a proper way and going wrong, they have to suffer to some extent. Hence a little bit of restraint and a little bit of restriction that are placed will have to apply to all of them. Therefore, we are to see that the whole social benefit as such is kept in view and we must take a broad view of the whole matter and we must accept such things. These restrictions and limitations are for the purposes of removing all abuses that we find now.

Next we will have to see how we are achieving the objectives placed before us. I may illustrate this and show how this will serve the purpose of economic policy. I am not going to quote again from figures that have been stated here as regards the huge profits—30 per cent. or 70 per cent.—that were made by the managing agents. But, when we know the extent of profits that they are making, is it not a great gain that we are reducing the remuneration to 10 or 11 per cent. and that it has been reduced to a very sizable minimum. The result of it would be that the large gains of these persons will be brought down and the small profits or dividends that have been paid to the shareholders will be enhanced. So, there will be a better distribution of the profits and gains among the shareholders and the managing agents. That will be a great gain and that will be achieved by this measure. Large profits will not be accumulating in the hands of a few persons.

I would like to point out that by this legislation we are abolishing the deferred shares or the founder shares as they are known. Formerly when companies were being floated, these shares were issued to the founders or promoters. For what purpose? Because they had conceived the idea of floating the company and for the insight they had shown, sacrifices and out of pocket expenses they had made and the advantages that would be had by the company and the shareholders in the time of prosperity in future. And therefore, they were given these fully paid-up shares with unequal, disproportionate and higher rights of voting. At the same time dividend was to rank last for them and was to accrue to them when the company would be in a flourishing condition. Later these shares were kept open to the speculating public. It was thought at the outset that this was rather a better way of having capital and that possibly at little expense, because these shareholders would be getting dividends later on, while the company was getting this capital without any great trouble. Ultimately it was realised that when the enterprise succeeded, the disproportionate and high dividends that they were getting by arbitrary ways of distribution and also the unequal and high powers which were concentrated in their hands for running the company far outweighed the advantages on the other side. Therefore, even the Bhaba Committee reported that these deferred shares should be issued only when the central authority that was proposed by that committee in its report consented to the issuing of such shares. But in the original Bill that was brought before this House, the authority of giving this particular consent or approval was conferred on the Government under clause 81. These shares could be issued only if Government would approve the issuing of such shares. What we have done now is that we have altogether abolished the issuing of such shares. Is it not a great gain if we abolish that ingenious and most subtle way of earning huge profits and taking control of the whole company? Is it not a great advance that we have made in this respect in the company law? I do submit that this will go a long way

in taking away from those people the large and huge profits which they enjoyed and also at the same time the control which lay in their hands. That is what we are achieving by this particular step that we have taken in this Bill.

Again, we have restricted the number of directorships and managerships. This point has been already dealt with and I am not going to dwell on it over and over again; but that also is a sort of restriction towards limiting the profit. This is how we are trying to go ahead towards the goal of economic policy of equal distribution, because we cannot do all these things in one step. There is this advance that we are making and achieving by this Bill.

So far as the managing agency is concerned, much has been said and it would be unnecessary to dwell on that point in detail. But the fact remains that there are two divergent views. What is the approach towards this question? It is not in any way a theoretical one. It is a purely practical approach. We are going to industrialise our country at a very rapid rate. We want to increase our national income by 5 per cent. every year. Therefore, we must move in such a way that the progress of industrialisation will not in any way be slowed down. When we take that into consideration, we shall find that if we remove the evils in the managing agency system and at the same time maintain a high rate of production, it will be a good thing. Meanwhile we should also have such provisions by which this managing agency system will be coming to an end. All these things have been taken into consideration and the clauses have been added from that point of view. I would like to point out that we do not want in any way to hold a brief for these managing agents; we hold a brief for the country and the people. There are certain Hon. Members here who, on certain Hon. Members here who, on managing agency as such, have said certain things. An Hon. Member yesterday said that "he holds his Guru in high reverence", but he has not perhaps read the minute of dissent appended to this report by his Guru. I do not want to mention the name of the Hon. Member, but I will read the minute of dissent:

> "This power of abolition of the Managing Agency system by executive fiat may be influenced by political objectives and may act as a deterrent on company formation and may check initiative and may lead to undue cramping of the activities of the existing concerns unless an alternative system is achieved it would be unwise to destroy the existing system in a precipitate manner."

I do not know what knowledge or fund of information he has in connection with this Company Law, but I think that he was speaking from mere intuition rather than from facts. He was stating that so many crores of rupees were to be given to a certain party. I beg to state that it must have arisen only from his imagination and not from facts; such sorts of allegations of course, have only to be ignored. We should approach this legislation taking into consideration the objective circumstances that obtain today. Even the most avowed opponent of this managing agency system—the Bombay Shareholders' Association—had said in its evidence, that this system should not be altogether abolished forthwith. A spokesman of that association, while giving evidence before the Joint Committee, has stated that it should not be ended forthwith. Let it come to an end or rather let it remain till the 15th August, 1959. I may also reply to my Hon. friend who is not here—Shri Gadgil—that when he says that this system should be abolished forthwith, we are to take into consideration the fact that the whole set-up of Government machinery that would be required to consider and decide matters in this connection cannot be organised in a minute when the law comes into force. Some time has to elapse. The companies also will have to think of an alternative management. All these

[Shri Altekar]

things can only be done if there is sufficient time—say about three years or up to 15th August, 1960, as is laid down in this Bill. At the same time, I would like to point out that the shareholders' Association has stated that investors in this country who do not come forward to invest their money have to be pursuaded. Under this circumstance, we shall have to think twice before we end the system immediately. The Association has also stated that in the case of two companies floated recently in Bombay—the Indian Dyestuff Industries with a capital of Rs. 30 lakhs and the Empire Dye Company Ltd. with a capital of Rs. 50 lakhs—half of the capital was contributed by the managing agents. Therefore, unless there are proper avenues of having investments, it will not be desirable to end the system immediately. The spokesman has stated that if the system is ended, the Managing Houses will be unwilling to invest. The reason why I refer to the Bombay Shareholders' Association is that it is the greatest well informed opponent of the managing agency system. They are the persons who have brought the evils and abuses to light, and they say that after taking into account all these things, we must proceed in a way which will not adversely affect the starting of new companies. Therefore, we have to take everything into consideration and then legislate in the matter.

Another point to which I would like to refer is this. It has been contended that the Government are assuming very large powers. There are so many clauses in this Bill which give powers to the Government. I will cite one instance: The spokesman of the Indian Federation of Commerce and Industry said before the committee that in Calcutta many European managing agency companies are transferring their shares to Indian companies, not to the extent of more than 75 per cent., but only up to 74 per cent., retaining 26 per cent. in their hands. If the managing agency system is to go from them into the hands of the transferees, that can only be done by a special resolution with a majority of 75 per cent. That cannot be done if they retain 26 per cent. of the shares in their hands. Another aspect about it was pointed out by the Hon. Minister, Shri M. C. Shah, who is sitting here, namely, does it not mean that for the sake of earning 26 per cent., they want to dictate their own terms and prices? When the Finance Minister said, under these circumstances, would you like that the power should be given in the hands of the Government, he at once said that he would like it. As a matter of fact, that is the provision that we see here in this Bill and it is for the good of the country as a whole. From that point of view, we have taken into consideration the various aspects and the difficulties that are there and they have been properly provided for one after another. It is not possible for me to speak in connection with all these things, but I would only point out the important factors that have to be considered in this respect. I would like to state that the interests of the shareholders have been taken into consideration.

Another point that I would like to urge is that the depositors' interests should be looked after. I mentioned this point at the time when the original Bill came before this House. I admit that some improvement has been made in that it is provided that the advances should not be more than the aggregate of the paid-up capital plus free reserves. This is a small advance over what was provided in the original Bill, that is the subscribed capital. That does not in any way sufficiently look after the interests of the depositors. I would like to point out that a provision has been made that if there is to be a larger advance, the shareholders should consent to it in a general meeting. Even if the shareholders consent to this, they would only look to their interests, and not to the interests of the depositors. If a company is in difficulty, the shareshareholders will say, let us have more money, let us see how we can

get out of the difficulty. The interests of the depositors are not kept in view. On the analogy of clause 103 which provides that when the capital is reduced, the difference between the original and reduced capital will have to be paid for discharging debts by the members from their pocket, I suggest that if they are taking more deposits, beyond the limit that has been placed here, they should be personally responsible to that extent. Great care has been taken to protect the interests of the debenture holders and charge holders. A register of debenture-holders and charge-holders is to be kept and it is to be made available to them. I shall not quote the clauses because the time at my disposal is short. At the same time, I would say that as in their case, there should be a register in the case of depositors and they should have access to that. The depositors have deposited these amounts for long periods. There is no security for the investments they have made. So far as the debenture-holders and charge-holders are concerned, there is security. I think that the interests of the depositors have to be guarded with greater care than the interests of the debenture-holders and charge-holders. From that point of view I submit that access to the balance-sheet, and to the register, which has been made available to the debenture-holders and charge-holders should also be there in the case of the depositors. So many powers have been taken by the Government in their hands. Unless and until the Registrar authorises the borrowing of moneys over and above the limit laid down here, further deposits should not be taken. There should be some such provision.

Lastly, I submit that I am not so much worried about the Central Authority or the Advisory Commission and departmental control. What I am particular about, and what I would urge upon the Government is that there should be a machinery whereby the large powers that have been taken by the Government in their hand in connection with the routine business that has to be carried on, could be exercised effectively, and companies managed and inspected by the Government. It is a very huge task. There are more than 29,000 companies. Every year 1,000 new companies will be coming up. So many powers have been taken by the Government in their hands. Who is going to look after all this work? What is the set-up of the department? What is the set-up of the machinery? We should be in a position to say that it will effectively discharge its functions, hear complaints, and dispose of all matters. There is provision for an Advisory Commission. We have proceeded in that way in the Forward Contracts Act and section 25 of that Act provides for an Advisory Committee. It is functioning now. Even if there is such a provision here, the important point is that the law should be administered effectively, properly and without delay. This House should know how the Government are going to do this. In the former days, we knew that the Registrar was not in a position even to go through all the papers that were sent to him. That should not be the situation hereafter. This department will have to carry on the administration entrusted to it in a business like manner. Only if that is done properly, the objective will be achieved; not merely by passing legislation, but by enforcing it and administering it in an effective way.

Shri Gopala Rao (Gudivada): This is the longest Bill in our legislative history. This Bill deals comprehensively in a consolidated form with the whole reorganisation of the private sector. According to me, this Bill is meant to regulate, control and direct the affairs of all associations which are concerned with the industrial and commercial field.

Certain observations were made in this connection by the Hon. Finance Minister the other day while speaking on this Bill. According to him,—I am not able to understand that—the whole problem simply is a matter of balancing the public interest and the private interest. On another occasion he said that this is a problem of collaboration

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between the regulating authorities and those people whose affairs are regulated. I do not think this is a correct understanding of the Bill or the provisions that are being made. The main purpose of the Bill is to regulate affairs. At this stage when we have accepted the mixed economy with a public and a private sector under the aegis of the Government, there must be some control and direction of the private sector. Regulation does not imply control and directing of matters in such a way that they are not detrimental to the public interests or the social interests at large. If we approach this Bill or discuss the provisions of this Bill with this view, we will not be doing our duty rightly. I do not mean that the private sector should be deprived of reasonable profits, or that the private sector should be confiscated. That is not the spirit of my statement. We have to direct affairs in such a way that we may solve the problem, which is to prevent concentration of power in the hands of monopolists and a few managing agency houses which have established long ties with many financial institutions. That being the case, the question of collaboration arises only when the other side accepts the basic immediate objective underlying this Bill. I do not know whether the other side, I mean the private sector, has accepted the immediate objective of this Bill. If that is not the case, the question of collaboration does not arise. The question of control dominates the scene. Under these circumstances, the question is to what extent the development of the private sector can be allowed in accordance with the existing system. This must be done under the aegis of the Government and the public sector, in the interests of the general development of industry and the general economic development of the country. Confining to the four corners of this Bill, we have to see whether these provisions are in consonance with our declared objective. I know this is not the occasion on which the economic policies or philosophies or ideologies involved are to be discussed. But, at the same time, any measure, whether legislative or administrative, must have some basis, some immediate and ultimate objectives on which it should be based. The superstructure presupposes a certain foundation on which it is built. That being so, you cannot see the provisions of the Bill in water-tight compartments away from the declared objects. That is why the Joint Committee had also to scrutinise the provisions on the Bill and also to make a thorough examination of the principles.

Coming to a concrete aspect, it is surprising that in such a voluminous Bill we do not find any reference to labour. The Finance Minister is at every stage trying to advocate the retention of the managing agency system, maintain the high rate of remuneration and profits, but he did not mention in his speech the interests of labour. That is why a new clause must be inserted in the Bill to the effect that labour, which is the main element playing the dominant and important role in production, that the workers, technicians and other employees must also be given a place in the management of the affairs of companies. By giving representation to workers a new situation will be created, a very healthy atmosphere will be created for the fulfilment of our objects in both the private and the public sector. I need not go into details such as the form of representation, the percentage that should be given, the qualifications and other things that should be taken into account. I may take it up when the clause by clause discussion takes place. At this stage I would only say that a certain amount of care has to be taken to see that yes-men are not taken on the board of directors. The other day, Hon. Member Shri Tulsidas was saying that according to experience whenever a worker was elevated to a director's post, he ceased to be a representative of the workers. That is why I say that a certain amount of care must be taken in selecting or

electing, whatever form may be adopted, persons to the board of directors to see that they are not yes-men.

Coming to clause 264, it says that two-thirds of the total number of directors can be appointed on the basis of proportional representation. Simply an option is given to companies. They may adopt any method according to their will. This is only permissive and does not solve the problem or serve the purpose at all. I suggest that a statutory provision must be made in the Bill definitely that not less than two-thirds of the directors must be elected on the basis of proportional representation. By this process all groups concerned in a company will be represented. An argument has been advanced against this that if there are several elements there may not be unity and that therefore the success of the business will be in jeopardy. I do not understand why conflicts and disputes should arise. Of course, there may be problems on which several directors may differ, but ultimately decisions will be taken according to majority and they will be implemented. Actually, the interests of the shareholders will be to some extent safeguarded on the one side, and on the other there will be some sort of check. Previously in the name of majority certain powerful groups commanding the whole scene used to resort to all sorts of things. That is the past experience. That is why there should be no hesitation in providing a statutory provision to this effect.

Coming to the authority which will administer the law, it is very difficult for me to choose between a statutory board and a department under the Finance Ministry. If we think that a statutory board is a proper institution to administer company law, in the name of experience and expert knowledge, certain people will be brought into it and great powers will be given to that board. This House will have practically no right to check the board in its day to day administration or in other respects. That is why I am not for the constitution of a statutory board. The other alternative is a Government department under the Finance Ministry. It is the Ministry which failed in performing its duties for a considerable period in the past, in preventing concentration, interlocking and the misdeeds, malpractices and machinations which have been going on. It has not checked or punished them. If a department of the same Ministry is entrusted with the administration of this law, I do not know how far it will be able to fulfil its functions. Anyhow, in the existing circumstances I do not find a third alternative. I prefer the lesser evil of having a department of the Government as the central authority. But I humbly request the Hon. Finance Minister to select such a personnel who will work with a new spirit and enthusiasm, who will carry with them the spirit of this legislation, and who will bring to bear a national and patriotic approach and not simply think of their personal salaries. I hope that this department will give a new hope and inspiration. While concluding his speech the Finance Minister tried to give some assurances that he is not going to exercise all the powers. He was narrating some mythological or historical story about the Ceylonese. Actually, I am afraid these powers will never be exercised. It is a question of the powers being never exercised, not that the powers will be exercised for harassing and doing all sorts of things. The whole complaint is likely to be of this kind. If it is the common man, of course, whether the law provides certain powers or not, they will go ahead. But when it comes to these big forces, they think so many times before they touch them. That is why I feel they have tried to deliberately delay matters, and my fear is that this deliberate evasion may be there in the future also. Yet, I hope that new traditions will be created by the new Department which is going to be constituted and which is going to function directly under the Finance Minister.

Coming to the question of managing agency, I am not going to say much about it, because a lot has been said about it already by other Hon.

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Members. I feel that much of the controversy in regard to this matter could have been avoided, if only the Finance Minister had given us some kind of a review of the functioning and activities of the managing agencies for the last five or ten years. I wish he had given us an assessment of the whole situation and given us also a balance-sheet saying these are the misdeeds, malpractices and machinations of these managing agencies, and that these are the achievements of the managing agencies. The Hon. Finance Minister has stated that managing agency has proved and still proves to be a potent instrument for industrial development. But that must be substantiated with facts. Without any facts and figures, now can the House accept the Hon. Finance Minister's analysis? Unless we have a balance-sheet before us reviewing the whole situation as to how these managing agencies were functioning, how far the role of financing agencies was fulfilled by the managing agencies, how far their technical and managerial assistance has been necessary for the companies, whether the offices of these managing agents have been used for speculative ventures with a view to making profits or for the development of the industries or the companies which they have been managing, unless we have an objective review covering all these aspects before us it is very difficult to come to any conclusion. Had the Finance Minister given us such an objective review, then it would have been very easy for us to come to a conclusion that this institution must be closed down once and for all, and here and now, without any consideration.

Though our Finance Minister has been advocating the retention of the managing agencies—of course, with some restrictions—yet, he has not mentioned to us even a single achievement to the credit of the system. Perhaps, or I should say certainly, there are no achievements to the credit of the managing agency system. Otherwise, a person who advocates their retention must have flooded the House with their achievements. However, as far as these misdeeds and malpractices are concerned, he must have with him a huge cartload of material which he can produce before us; but if he produces all that material, then his case will become baseless. In fact, in the course of his speech on the motion for reference of this Bill to a Joint Committee—I think it was on 3rd May 1954 or so—he had stated that he had got a lot of material with him about these misdeeds and malpractices, in fact, more material than any other Member had. But then it was difficult for him to proceed further and to get those persons prosecuted and punished. That is why this whole controversy has been there all along.

So far as I am concerned, I stand for the abolition of managing agency. I think the Hon. Finance Minister is simply exaggerating the situation when he says that if and when the managing agency system is abolished, some unhappy things will come to pass, that there will be a vacuum, and that it will deal a heavy blow to the expansion of industry, since there is no alternative system that has been developed to take its place. The Hon. Minister is presenting this kind of exaggerated picture before us so that we can also support his stand. And basing all his arguments on these premises, he wants to give another trial for this system for a period of five more years. But I feel that we have had sufficient experience already for the last twenty-five years, and therefore there is no necessity for another five years. In my opinion, these abuses, malpractices and misdeeds are all inherent in the system. So, if we want to end these malpractices etc., then we have to end the system itself.

Apart from this, there is one other consideration which impels me to this conclusion, and that is that in the present situation, Government themselves are taking up the question of industrial financing in a big way both in the public sector and also in the private sector. There are several agencies already for this purpose. For

instance, there is the State Bank on the one side; and on the other side, there is the Industrial Finance Corporation at the Centre; there are also the State Finance Corporations, and the new Industrial Credit and Investment Corporation. Further, direct State finance is also there for big industries like iron and steel. Moreover, the private sector is competent to fit itself into the new set-up, and the people in the private sector do have some experience of industrial management—I do not under-estimate their talents at all. Secondly, Government themselves are taking up the question of training of the technical and administrative personnel for company management.

Coming to the remuneration question, I find that the Bill has provided for 11 per cent. of the net profits in case there are profits, and for Rs. 50,000 in case there are no profits. I feel that this is too much, and there should be some control in regard to this. Yet I find that criticism is levelled against this from certain quarters, and our Finance Minister also appears to show some sympathetic attitude towards them saying, it would be a detrimental thing if you give them less, with a small renumeration, how can they pull on, etc. He argued also saying that nobody in this House would desire industrial development in the country to be hampered by the provision of inadequate remuneration. But industrial development of the country does not mean the payment of abnormal remuneration either to the managing agents or to the managing directors. There must be some limit to their remuneration. In my own constituency, there is a gentleman working as a managing director, who gets Rs. 4 lakhs as remuneration. That is something abnormal and extraordinary. Nobody can tolerate such a thing. That is why I say that there must be some strict provisions in this regard.

It should not simply be said that if you reduce their remuneration, you would be hampering the pace of industrial development. I feel that clause 197 must further be improved providing for a sliding scale of profits; for instance, it may be provided that up to Rs. 10 lakhs, 10 per cent. may be given as remuneration; up to Rs. 15 lakhs, 5 per cent. or 4 per cent. or 3 per cent. may be provided; and for amounts exceeding Rs. 15 lakhs, no remuneration will be given. In this way, some sort of graded scale might be introduced in clause 197.

I would even go further and say that there should be a limit to the profits also. Profits above a certain limit must be at the disposal of the public sector, and the surplus funds should be directed in such a way that Government will have their grip over them, and will utilise those moneys for such purposes or such industries as they may consider desirable and proper.

I now come to the question as to the number of managing agencies which a person or a firm can hold. My general principle in regard to this is that the smaller the number, the lesser the evil and the greater the safety. I would approach this question from this principle only.

Lastly, I would like to say a word about the role of the shareholders, with whose interests this Bill concerns itself. The shareholders must be encouraged to participate in person in the deliberations at the general body meetings, annual meetings etc. instead of being represented by proxies. The shareholders must be made conscious of the role that they have to play, by proper education and encouragement.

Shri J. R. Mehta (Jodhpur): At this stage of the debate, it will be presumptuous on my part to pretend that I have much to say which will be original. At the same time, as I would like immense value to be attached to the time of this House, I shall try to be as brief as possible, so far as points which have already been made out are concerned, and attempt to throw light at somewhat greater length only on points which I have to make anew

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4 P.M.

I endorse the view which many hon. Members have expressed that this Bill is too prolix and too complex. I wish the House to appreciate that in a complex legislation of this kind, it is the scrupulous or honest and the comparatively poorer section of the people who are hit hard and stand to suffer; the unscrupulous and the moneyed people manage somehow or the other to have their own way. If I take this opportunity to make a general observation, I do feel that we are legislating too fast; not only that, we are also making our laws too complicated, so much so that, it is difficult even for Judges and lawyers to keep pace with them. So far as complexity goes, this legislation almost breaks the record. I wish the Finance Minister will take the conditions prevailing in India into consideration and try to make this legislation simpler than what it is.

I should like to say without any reservation that I am in perfect agreement with the main object of the Bill, which is to purge company management of its many abuses and malpractices and to ensure that such management subserves to the advantage of the shareholders. I even agree that we ought to ensure through our company law, so far as it may be possible to do so, that there is no undue concentration of economic power in the hands of a few persons, in so far as that concentration may be to the detriment of the public good. But having conceded this, I want to apply my mind to the question, how far this Bill, as it has been presented to the House, is going to serve the purpose we have in view. I am afraid I am bound to say that from this point of view the Bill leaves much to be desired.

Now, it goes without saying that the managing agency system is the villain of the piece so far as this legislation is concerned. What do we propose to do about this system in this Bill? It will continue up to the 15th August 1960. I do not know why this 15th August 1960 has been chosen. Perhaps the idea is that it will be their emancipation day, and that after that date it will depend on Government's discretion whether it is to be continued or not in a particular industry or business or not at all. Now, I respectfully submit that this is not a practical way of dealing with the problem. We ought to be in a position to judge whether the managing agency system is good or bad, here and now. There is no system in the world which is without its advantages and disadvantages. If we think that this managing agency is so bad that with all the restrictions and checks and the limitations that human ingenuity can devise to counteract the abuses and malpractices attributed to it at present, we cannot control it, it should forthwith be terminated. If, however, we think otherwise, that is to say, if we feel that the managing agency system can serve a useful purpose, we should concentrate all our efforts merely towards evolving proper safeguards and checks. If we cannot take a firm decision as to the two alternatives I have mentioned, surely it seems to me that it is premature to fix the 'D' day for the managing agency system at this stage. What we are telling the managing agents is somewhat like telling a person that he is a thief and that he will be hanged after three or four years. In such a case, are you not instigating the supposed thief to 'make hay while the sun shines'?

Shri C. D. Deshmukh: He is on probation for three or four years.

Shri J. R. Mehta: He is on probation. So you are prepared to give him a chance if during the probation period he behaves well.

Mr. Chairman: And not make hay while the sun shines.

Shri M. S. Gurupadaswamy (Mysore): Will he behave well as a thief?

Shri J. R. Mehta: I can understand if you impose checks and safeguards to counteract the abuses and malpractices which are at present rampant

in the management of companies. I am prepared to go further and say that we should make these provisions as stringent as possible. But, so far as the checks and safeguards provided in this Bill are concerned, my considered feeling is that we have gone too far. The Finance Minister has told us that what is being done is done with the object of maintaining law and order in the sphere of company management. This is a laudable object. But how many sins have not been committed in the past in the name of law and order? I submit that there are many checks and safeguards in this Bill which are not necessary, to my mind, to maintain the law and order of the Finance Minister's conception. I will not name all such provisions. But for the sake of illustration, let us take the provision that in future no new managing agency can come into being without the sanction of the Government, or that no managing agency can get a new lease of life without the sanction of the Government, or that the number of directors on the board cannot be increased without the sanction of the Government. These provisions and many others leave everything to the discretion of the Government, and the discretion of the Government in these cases cannot be anything but arbitrary. I can see no purpose in such provisions; they will do more harm than good. They are likely to lead to corruption and nepotism. We have the assurance of the Finance Minister that he will carefully watch the implementation of the Bill, and we know what he is capable of. But the scope of this Bill is so vast that it will be impossible, I submit, for him, with all his capabilities to keep a close watch on the manner in which the large army of subordinate officers entrusted with the implementation of the Act discharge their functions. The Hon. the Finance Minister regaled the House the other day with the analogy of the Kandyan Kings with two Prime Ministers, each of whom had the power to hang one person every year without assigning any reason. I maintain that in this analogy, there is an implicit confession on the part of the Finance Minister that the task is too great, and he does not think it practicable to keep a close watch, check or supervision on each and every company with a view to detect abuses and malpractices. On the other hand, he seems to think that it is the fear of being hanged which will do the trick. I put it to the Hon. the Finance Minister and to this House to consider in all earnestness whether this is a satisfactory way of implementing this Bill. The proper approach to the whole question seems to me to be to concentrate on the detection and prevention of the major abuses and malpractices and then to take severe action, wherever they are detected, and not to fritter away our energies on unessential and unnecessary so-called controls. The very magnitude of the task we are undertaking is so great that I am afraid that the very multiplicity of provisions will defeat the purpose we have in view.

I do not know to what caste the Finance Minister belongs. We do not think in terms of castes these days. But....

Shri C. D. Deshmukh: No caste.

Shri M. S. Gurupadaswamy: National caste.

An Hon. Member: Born in a brahmin family.

Shri J. R. Mehta: But, the all-pervading powers which the Government seeks to assume under this Bill reminds me of the Brahminism of old which at one time controlled every stage of the life of a Hindu from birth to death by prescribing so many *sanskaras*. So, this Bill seems to be the code of *sanskaras* of the managing agency system, of my friends like Mr. Kilachand and Mr. Somani.

Shri C. D. Deshmukh: These *sanskaras* were called the *chaturvinsati chintamani*.

Shri J. R. Mehta: So, you are the fittest person to play the role of the high priest for these, *sanskaras*.

[Shri J. R. Mehta]

I see a positive danger in the Government trying to have such all-embracing powers. We are painfully aware how the controls demoralised the people as a whole, the officials as well as the public. Human Nature being what it is, there is real danger of history repeating itself unless Government should agree to dispense with some of the vast powers it has proposed for itself.

There is another aspect of this very important matter which deserves attention. I am in perfect agreement with the view that one effect of the provisions of this Bill is going to be that it will be very difficult, well-nigh impossible for new managing agents or agencies to come into being. In so far as this is going to be the effect of these provisions, it seems to me that we are playing in the hands of the big business and creating conditions of virtual monopoly in their favour. These provisions will, I am sure, defeat our avowed object of preventing concentration of economic power in the hands of a few persons. If you are serious in this objective, I would submit that we should encourage new managing agents to come into existence, new talent to come into the field rather than to put obstacles in the very way of their coming into existence.

We are told that only fit and competent persons will be allowed to become new managing agents in future. Supposing I decide to become a managing agent—I am not going to be—and if 50 or 100 of my friends here consider me to be a fit person and repose their confidence in me and are prepared to place their money in my hands, then, I do not see why I should be prevented from becoming a managing agent with all the odium attached to it.

Shri Sadhan Gupta (Calcutta South-East): Is that an invitation?

Shri J. R. Mehta: After all what is the yardstick by which Government will be able to judge who is fit or who is not fit.

A feeling has been voiced in this House by some Hon. Members that instead of Government assuming wide and all-embracing powers, the proper course will be to ensure that the shareholders are able to exercise better vigilance and supervision. To my mind, this way of thinking ignores the realities of the situation. A company may have thousands of shareholders spread all over the country and you cannot expect all of them, even if you pay them T.A. as some Hon. Member suggested, to assemble at the meeting of the company. The very fact that only 5 members can make a quorum in a company meeting will bring out the force of my observation. From this point of view, while I have nothing to say against the provision of proportional representation I am inclined to think that it will not go very far and the value of this provision is going to be merely sentimental.

While considering how to make the shareholders' supervision more effective, I should like to make one humble suggestion for the consideration of the Finance Minister for whatever it is worth. I suggest that provision should be made that all objections or representations which absentee shareholders may choose to send for consideration at a general meeting of the company should be read out and answered at the meeting and that it should further be made incumbent on the auditors to refer to these objections or representations in their report—unless they think these are flimsy or trivial or unless they are satisfied with the answers given by the company.

There is another suggestion I should like to make by way of giving more powers to the shareholders. Clause 407 confers on the Government the power to appoint two additional directors for a limited period on a requisition by shareholders representing ten per cent. of the share capital. On this analogy, I suggest that Government should have powers to appoint an additional auditor on a similar requisition on behalf of the shareholders.

I do not pretend to be an expert in law and I confess that I do not know the A B C of company management. But I claim some little experience of the administration and I submit that if we are to check effectively the malpractices and safeguard the interests of the shareholders we should provide for something like what I would call administrative audit. Perhaps, cost audit also. I am aware that it will be difficult for some time to come to have adequate qualified personnel for the purpose. But, even so, I consider that applying the principle underlying the Finance Minister's story of the Kandyan kings that it will be useful to provide for it in the Bill. To begin with it may be made compulsory in cases of companies with sales of say more than a crore of rupees or so, and the others be left to the discretion of the Government.

One point more. I do not like clause 614 which empowers Government to direct that government companies shall be exempted from any of the provisions of the Act except sections 612 and 613. I think this is not a desirable provision. The government companies should be required to maintain, if anything, a higher standard of behaviour than the public companies.

Shri Bogawat (Ahmednagar South): Sir, I rise to support the Bill as recommended by the Joint Select Committee.

Yesterday, I was sorry to hear from one hon. Member a scandalous statement made here—which is insensible to make—when the Joint Committee itself has made these proposals. So, in order to have political gains it is very dangerous to make such statements in this honourable House.

Some Hon. Members: What was that?

Shri Bogawat: It is that somebody is to get Rs. 3 crores and so on and this is a statement made by an Hon. gentleman here in this House as against the proposals made by the Joint Committee, as if these are the proposals of the Congress Party only.

Shri M. S. Gurupadaswamy: It only said a possibility.

Shri Bogawat: The statement is there; you can read it and see whether it is a scandal or not. It is for you to say.

Shri M. S. Gurupadaswamy: I was here.

Shri Bogawat: It may be.

The Joint Committee amended the provisions so far as the managing agents and directors are concerned. Now, we have to develop our industry and industrial production. The Joint Committee have given a chance to these multi-millionaires who mainly are the managing agents of several big companies and it is natural that some restrictions must be there so that there should not be any fraud against the shareholders, the consumers, the Government and the public.

We know that the managing agents have played havoc after the last war. We saw so many things; they evaded income-tax; they played many foul games when there were controls. In order to make gains for themselves, they made purchases through bogus persons and reduced the profit of the company. They suppressed the sales also. They made false purchases of firewood, coal, etc. Many such things were done and they took advantage of the boom period. In order to avoid all these things happening in the future, instead of ending the managing agency, the Joint Committee has given a chance to mend it. When the Hon. Finance Minister made a reference to it at the time of referring the Bill to the Joint Committee, he clearly stated that in order to prevent the abuses and malpractices and not to hinder sound and honest management of the company, there are certain provisions. There is nothing to be afraid of if the persons are honest and are *bona fide* business people. But the multi-millionaires or the managing agency houses still want to have concentration of wealth. They think that just as they did before Independence, they can still exploit and amass wealth, but

[Shri Bogawat]

that will not do. We are leading our way to a welfare State and we have to raise the status of our people, and so, this Government at least will not allow the exploitation either of the shareholders or labour. Really these business people or the managing agents are the trustees, but they do not want to behave as trustees. They do not even imagine that their profits are due to the labour of their employees. All the gains that are made are mainly due to the labour of the workers in the industry or the factory, but they forget that.

[SHRI BARMAN *in the Chair*]

They do not want to give representation to labour or even to the minorities, and if there is any provision concerning the minorities or labour, they are very much angry. Yesterday an Hon. Member said that there would not be harmony and that the business would not be run homogeneously, and if these restrictions are put, the economy of the country will topple down. They go to such lengths and want to terrorise the Government saying "Oh! if these are the restrictions, then we will not co-operate". But this is not a sensible way of doing the thing. They must understand the times and must also try to serve the country. If they behave honestly, do their business properly and give the advantage of their enterprise, genius and business management, then the percentage that is suggested is very much more than sufficient—10 per cent. is suggested and that is not less. They must forget that in future they would be able to gain much more than 10 per cent. If these persons do not come to their senses, then it is quite possible that this system would go or would be ended.

As regards certain other provisions, let me say a few words. I do not know why clause 56 is there in the Bill which states that the expert should be a person unconnected with the formation or management of the company. This ought to be deleted, because a person having a knowledge and personnel experience should not be forbidden to have connection with the formation or management of the company. I request the Finance Minister to consider this provision.

As regards the provisions relating to the kinds of shares, it is a very good thing that the Joint Committee has done; it has suggested two kinds of shares in the interest of the shareholders and no undue advantage being gained by the business houses.

Then I refer to the provisions regarding chartered accountants. We know that crores of rupees are sunk in public undertakings and there is nothing before the House so far, though now there is a provision made under clause 225 that the chartered accountant's report would be placed before the House. But that is not sufficient. I think that even the balance-sheet and all the material ought to be placed before the House and we must also know in what way Government undertakings are going on. For instance, we have invested several crores of rupees in Ambernath machine Tools Factory and other undertakings of Government. They are all public undertakings and it is but natural that this House must be able to know what is going on when we are spending crores and crores of rupees on those undertakings, just as it is necessary to know as regards public limited companies in the private sector. Similarly, so far as Government undertakings are concerned, it is very material to know all these transactions and also the balance-sheets of these public undertakings, without which it will be impossible to know what is going on there.

As regards proportional representation, I am very glad that these clauses that are amended by the Joint Committee—clauses 264 and 407—are very material, and in spite of any indignation on the part of the capitalists, they are quite material. The proposals made by the Joint Committee are perfect and quite in order, and they will be of much use so far the labour and the ministries are concerned.

As regards the provisions regarding the Statutory Advisory Commission that has to be appointed, I am one the Hon. Member, Shri C. C. Shah. He has made a good suggestion as to how this Advisory Commission should be. If the persons, as suggested by him, are there on that Commission, then it is possible that proper advice will be given to the Government and only those managing agencies will be re-appointed who are doing their business properly and conducting the managing agencies properly. I think after a few years it is quite necessary that these intermediaries must go, because in the interests of the country and in the interests of the labour, it is quite necessary that there must be abolition of the intermediaries. We are abolishing zamindari. We are fixing ceilings on the lands also. Why should there not be a ceiling on the concentration of wealth? Why the capitalists and especially the managing agency which is a child of capitalism, should be allowed to continue? It is essential that after some period these managing agencies must go and some other sort of management must be preferred. The Government is trying to find out a way and I think if proper persons are trained to manage the big undertakings, then it will be possible to appoint such persons and continue these industries.

Now, if there is any new concern to be started, the Government may not want to give it to any managing agency. Now there is a possibility that new concerns can be started by any going concern. For instance, there is the Delhi Cloth Mills and they can start any other company, say, a soda ash factory in Saurashtra. If a consent is given, it is indirectly allowing managing agency of a new concern. As regards this matter also, some restriction should be there and if such new concerns are allowed under this pretext, then there would be no end and the managing agencies or business houses would find out some loopholes and they would go on starting such new concerns. So there should be some such checks also on such new concerns and no industry should be allowed under such pretext.

After saying this, I am going to say something about clause 197. Under clause 197, 11 per cent. is allowed and in case there is no adequate profit, Rs. 50,000 would be allowed, but I want to suggest that if there are more profits, say, about Rs. 20 lakhs, then there should be inverse proportion and a cut, say, 1½ per cent. after Rs. 20 lakhs and so on. I have given an amendment to that effect and I request the Hon'ble Finance Minister to take into consideration the inverse percentage whenever the profit is more than a certain limit. The maximum should be 5 per cent., in my opinion.

If all these important points are taken into consideration, it is quite possible that these big businessmen may behave properly and they may continue their industries. They should care more for the welfare of the country and also for the welfare of the people and not for themselves alone. With these words, I conclude.

सरदार इकबाल सिंह (फाजिल्का—सिरसा): इस बिल पर इतनी बहस हो जाने के बाद बल्कि तो मैं यही करूंगा कि जो चीज पहले कही जा चुकी हैं उसे न दुहराऊं। लेकिन फिर भी आप जानते हैं कि यह इतना बड़ा बिल हैं, इसलिए इसके मुताल्लिक एक आदमी एक नुक्ता नजर पेश करता हैं तो दूसरा दूसरा नुक्ता नजर पेश कर सकता हैं।

हमारे यहां सबसे पहले कम्पनी ला १९१३ में बना, फिर १९२५ में बना, और अब तीसरी दफा हम उसमें तबदीली करने जा रहे हैं। मैं इस बिल को इस ढंग से देखता हूं कि इसका असर उन लोगों पर क्या होगा जो लाख दो लाख रुपया लगाकर और अपने कुछ साथियों और रिश्तेदारों को लेकर काम शुरू करते हैं। उनके पास न तो इतनी काबलियत होती हैं जितनी कि बड़े बड़े मैनेजिंग एजेंटों के पास होती हैं, न उनके पास इतने अच्छे वकील होते हैं जो उनको यह बतला सकें कि इस क्लाज से इस तरह बच कर निकलो और उस क्लाज से इस तरह बच कर

[सरदार इकबाल सिंह]

निकलो । यह एक बड़ा कम्प्रीहेंसिव बिल हैं और इसमें सारी चीजें बड़ी तफसील के साथ दी गयी हैं । यह कानून उन लोगों पर भी लागू होगा जो कि लाख दो लाख या पांच लाख से कम्पनियां बनाते हैं । इन लोगों का भी हौसला तिजारत में उतना ही होता हैं जितना कि बड़े से बड़े मैनेजिंग एजेंट का हो सकता हैं । इसलिए हमको देखना चाहिए कि इस कानून के लागू होने पर उन लोगों पर क्या असर पड़ेगा जिनकी छोटी छोटी कम्पनियां हैं और जिन कम्पनियों में मैनेजिंग डाइरेक्टर, या डाइरेक्टर या सेक्रेटरी होंगे । मेरा मतलब यह नहीं हैं कि ये छोटे लोग इस कानून की कमियों का फायदा किस तरह से उठायें । मगर मेरा मतलब यह हैं कि आप जो कम्प्लेंट डिपार्टमेंट बनायेंगे उसके पास जो भी शिकायत होगी वह जायगी । अगर यह डिपार्टमेंट हर एक शिकायत की जांच करेगा तो जो बड़ी कम्पनियां हैं वे तो उसको बरदाश्त कर जायंगी, लेकिन जो छोटी कम्पनियां हैं अगर उनकी हर रोज इन्क्वायरी की जायगी तो शायद वे अपने तिजारत के काम को अच्छे ढंग से न कर सकें । ये छोटी कम्पनियां लाख, दो लाख या पांच छः लाख से काम करती हैं । अब अगर कोई छोटा सा भी शेअर होल्डर इनकी शिकायत कर दे तो आप इन्क्वायरी करेंगे । आप शायद हर प्रान्त में इस तरह का डिपार्टमेंट बनायेंगे। तो जो आदमी इन छोटी कम्पनियों की इन्क्वायरी करने जायगा वह इतना बड़ा नहीं होगा जैसा कि बिड़ला के यहां जायगा । हो सकता हैं कि इसमें इन छोटी कम्पनी वालों को दिक्कत का सामना करना पड़े । यह बिल इतना बड़ा हैं कि बहुत कम पार्लियामेंट के मेम्बर इसको समझते हैं और इसके लागू होने के बाद इसका क्या असर होगा इसको तो बहुत ही कम लोग समझते हैं । जो लोग छोटे शहरों में छोटी छोटी कम्पनियां, ट्रांस्पोर्ट के लिए या दूसरे कामों के लिए बनाये हुए हैं, उनको इस कानून के लागू होने से बहुत दिक्कत हो सकती हैं । इसमें करीब १२६ तो सजा के क्लाज हैं । उन सब से वे कहां तक बच सकेंगे । इसलिए मेरी अर्ज हैं कि आप जो डिपार्टमेंट बनावें वह इस तरह से काम करें कि इन छोटे लोगों को हैरास न किया जाय ।

इसके साथ ही मैं एक बात और कहना चाहता हूं । आजकल देश में रोजगार करने के दो ढंग हैं। एक तो वह ढंग हैं जिसमें शेयर कैपीटल से कम्पनी बनती हैं । इस ढंग में मान्यता पैसे को दी जाती हैं । दूसरा ढंग कोआपरेटिव तरीके से काम करने का हैं । इसमें पैसे को इतनी मान्यता नहीं होती । मैं समझता हूं कि जो लोग कोआपरेटिव ढंग से काम करना चाहते हैं उनका रास्ता आप इस बिल को पास करके बन्द कर देंगे । आपने इस बिल में इस ढंग के क्लाजेज रखे हैं कि उनके पास हो जाने के बाद कोआपरेटिव ढंग से काम करने के लिए जगह ही नहीं रहेगी । मैं समझता हूं कि जब तक इस देश में कोआपरेटिव ढंग मजबूत नहीं होगा इस देश की तरक्की नहीं हो सकती । अगर आप तिजारत में भी कोआपरेटिव ढंग को लाना चाहते हैं तो उसमें ऐसे लोगों को सहूलियत होनी चाहिए जो कि मिल कर कोई धन्धा करना चाहते हों । उनको कोआपरेटिव बेसिस पर अपना काम चलाने की सहूलियत होनी चाहिए । लेकिन आप जानते हैं कि कोआपरेटिव मूवमेंट स्वा सरकारों के नीचे हैं । हर एक स्वे के अलहदा अलहदा कानून हैं । पंजाब का जो कानून हैं वह यू० पी० का कानून नहीं हैं और जो यू० पी० का कानून हैं वह पेप्सू का कानून नहीं हैं । इस में जो कोआपरेटिव लिमिटेड कंसर्न्स हैं, जो बन चुकी हैं या जो इस बिल के लागू हो जाने के बाद बनेंगी, उनके लिए कोई जगह नहीं हैं कि वह इस ढंग से सोच कर भी अपने आप को तिजारत में कायम रख सकें क्योंकि आपने वोटिंग स्ट्रेंथ में ऐसा ढंग रक्खा हैं कि वहां पर कैपिटल का नुक्तेनजर नजर नहीं आता । वहां तो हर एक आदमी का वोट होता हैं चाहे उसके पास १, १ लाख का शेयर हो या उसके पास ५०० का शेयर हो, दोनों हालतों में उसका वोट एक ही होगा और अगर वह कोआपरेटिव लिमिटेड कंसर्न हुई तो आपके

इस एक्ट के लागू हो जाने के बाद मैं यह समझता हूं कि या तो उनको अपनी कंसर्न को बंद करना पड़ेगा या उनको अपने आप में तबदीली करनी पड़ेगी । अगर आप उनको तबदील कराते हैं तो मैं यह समझता हूं कि आप एक ऐसे बीच के रास्ते से होकर चल रहे हैं और जिस रास्ते पर चल कर आप समझते हैं कि तिजारत के मियार को ऊंचा किया जा सकता है । ऐसी तिजारत में कि जहां पर पैसे की महानता हो आप ऐसा ढंग अख्तियार करके इस कोआपरेटिव मूवमेंट के लिए आप आयन्दा के लिए दर्वाजा बंद कर रहे हैं । मैं आशा करता हूं कि इस बिल में इसका माकूल प्राविजन रहना चाहिए कि कोआपरेटिव मूवमेंट पर चलते हुए जो लिमिटेड कंसर्न बनाना चाहें और इस तरह तिजारत में रहना चाहें, उनके लिए कोई न कोई जगह होनी चाहिए ।

इसके साथ ही साथ बहुत सी बातें कही गयी हैं। आपने इसमें यह बात रक्खी है कि अगर कोई कम्पनी प्राफिट के साथ न चल रही हो, अगर किसी कम्पनी के शेयर होल्डर्स यह समझें कि हमें इस तिजारत में नफा नहीं है, कुछ हालात उस तरह के हों, तो वे उस हालत में उस कम्पनी को बंद कर सकते हैं । कम्पनी का जो सरमाया होगा उसको वह कुल टैक्स वगैरह देने के बाद तकसीम कर सकते हैं, लेकिन मैं यह समझता हूं कि यह आखिरी रास्ता है और आप यह ख्याल न करें कि इस देश में बड़ी बड़ी कम्पनियां बंद होंगी और उनके जो बड़े सरमाये होंगे उनको तकसीम किया जा सकेगा । यहां पर छोटी कम्पनियां भी हैं जो आये दिन बंद होती रहती हैं । अगर आप गवर्नमेंट आफ इंडिया का गजट पढ़ें तो आप हर हफ्ते बहुत सी ऐसी कम्पनियों के नोटिस निकलते देखेंगे कि जो बंद होती हैं । बंद होने के अलावा ऐसे हालात भी हो सकते हैं कि वह कम्पनियां तकसीम कर दी जायं तो सरमाया उन्हीं शेयर होल्डर्स में तकसीम हो जायगा । ऐसा मुमकिन हो सकता है कि गवर्नमेंट का इंस्पेक्टर इस बात को यह समझे कि वाकई इस कम्पनी के शेयर होल्डर्स युनैनीमसली मुत्तफिका तौर पर यह समझते हैं कि हमारा इस ढंग से काम नहीं चल सकता और हमको अगर तकसीम कर दिया जाय तो वह काम अच्छी तरह से चल सकेगा, ऐसी हालत में उनको दो तीन कम्पनियों में तकसीम किया जा सकता है । उस हालत में वह जो सरमाया होगा वह हर एक शेयर होल्डर को तकसीम करने के बाद जो कौम की बेहतरी के लिए लगा हुआ है, दुबारा उन्हीं लोगों की जेबों में डाल दिया जायगा । गवर्नमेंट का इंस्पेक्टर या अदालत अगर इस बात पर मुत्तफिक हों कि वाकई इस कम्पनी के तकसीम करने से और एक ढांचे के बजाय दो तीन ढांचे कर देने से शेयर होल्डर्स की बेहतरी हो सकती है और उनके सरमाये की बेहतरी हो सकती है, तो ऐसा किया जा सके और मैं चाहता हूं कि इस बिल में कोई इस तरह का क्लाजेज में प्राविजन होना चाहिए ताकि उन खास हालात में गवर्नमेंट ऐसा कर सके । मैं समझता हूं कि सिर्फ एक सरमाया ही नहीं, रुपये पैसे ही नहीं बल्कि उनके पास कुछ ऐसा सरमाया भी हो सकता है जो कि तकसीम भी न किया जा सके और जो शायद बेचा भी नहीं जा सके, इसलिए इस कानून में इस बात की गुंजायश जरूर रहनी चाहिए कि जो छोटी छोटी कम्पनियां हैं अगर उनमें ऐसे हालात हों और अगर गवर्नमेंट इंस्पेक्टर और कोर्ट दोनों इस को जरूरी समझें कि वाकई उस कम्पनी को तकसीम करने से ही शेयर होल्डर्स की बेहतरी हो सकती है, तो वह यह तबदीली कर सकें । इस कानून में इस तरह का कोई क्लाज का प्राविजन अवश्य होना चाहिए ताकि वक्त जरूरत उसका इस्तेमाल किया जा सके । अगर कोई कोर्ट यह फैसला दे कि इस सरमाये को तकसीम करने से या दो, तीन कम्पनियां बना देने से शेयर होल्डर्स का फायदा होने के साथ साथ सरकार का भी फायदा होगा तो वह तबदीली सरकार कर सके । अब जो उस कम्पनी पर आपका इन्कमटैक्स वगैरह होगा वह उन दो या तीन कम्पनियों से वसूल किया जा सकता है । जब वह कम्पनी तकसीम हो तो उस वक्त कोर्ट या गवर्नमेंट यह फैसला दे सकती है कि जितनी भी लाएबलेटीज पीछे की होगीं वह तमाम की तमाम अलहदा अलहदा उन नई बनने वाली कम्पनियों के नाम तकसीम

[सरदार इकबाल सिंह]

कर दी जायेंगी। साथ ही मैं यह समझता हूं कि जो सरमाया एक दफा एक तिजारत में लगा हैं, अगर तिजारत को या कम्पनी को बिलकुल बेच देने के बाद वह सरमाया शेयर होल्डर्स की जेब में डाल दिया जायगा तो वह सरमाया चला जायगा और इसलिए जरूरत इस बात की है कि कोई ऐसा प्राविजन होना चाहिए जिससे अगर गवर्नमेंट इंस्पेक्टर और कोर्ट दोनों मुत्तफिका तौर पर यह फैसला करें कि उस एक कम्पनी के बजाय उसको दो या तीन कम्पनियों में तकसीम किया जाना चाहिए, तो ऐसा किया जा सके।

इसके अलावा एक चीज जिसकी तरफ मैं हाउस का ध्यान दिलाना चाहता हूं वह प्राक्सी सिस्टम के बारे में है और जिसके बारे में सब लोग जानते हैं कि कैसी अंधेरगर्दी की जाती है। उसको आपने कुछ बेहतर बनाने की कोशिश की हैं लेकिन जब तक प्राक्सी के साथ इस चीज को नहीं रक्खेंगे कि हर एक कम्पनी वाला जो कि अपने मैनेजिंग डाइरेक्टर को पचास हजार रुपया दे सकता है, जब उस कम्पनी की सालाना मीटिंग हो तो वह अपने तमाम शेयर होल्डर्स को अगर ज्यादा नहीं तो कम से कम टी० ए० दे ताकि वह इन परसन कम्पनी की सालाना मीटिंग में शरीक हों और जो इन परसन आयेगा वह वोट का इस्तेमाल कर सकेगा, तब तक शेयर होल्डर्स की बेहतरी नहीं हो सकती हैं क्योंकि सब लोग खूबी जानते हैं कि प्राक्सी किस तरह काम करते हैं, वह शेयर होल्डर्स का जैसा इंटरेस्ट देखना चाहिए, नहीं देखते हैं और जिसका नतीजा यह होता है कि जो शेयरहोल्डर्स होते हैं जो कि कम्पनी के एक्टिव पार्टनर्स हैं, उनकी बेहतरी नहीं हो पाती और उनका इंटरेस्ट सफर करता हैं। इसलिए मैं समझता हूं कि इस तरह का प्राविजन होना चाहिए ताकि प्राक्सी की जगह खुद शेयरहोल्डर्स कम्पनी की सालाना मीटिंग में इन परसन आकर शामिल हो सकें और अपने वोट का इस्तेमाल करें। मैं समझता हूं कि अगर आप ऐसा करेंगे तो जो हजारों शेयर होल्डर्स हैं उनकी ज्यादा बेहतरी होगी। कुछ वक्त के लिए आप को शायद उतना फायदा न हो लेकिन एक खास वक्त के बाद में जाकर आपको जरूर ज्यादा फायदा होगा। इसलिए मैं चाहता हूं कि ऐसा किया जाना चाहिए कि जहां एक कम्पनी अपने मैनेजिंग डाइरेक्टर को पचास हजार रुपया दे सकती हैं वहां वह अपने तमाम शेयरहोल्डर्स को कम्पनी की सालाना मीटिंग में शामिल होने के लिए उनको टी० ए० दे।

इस बिल में सब से ज्यादा जिस विषय पर बहस की गई हैं वह मैनेजिंग एजेंसी के विषय को लेकर हैं। मैं इसके बारे में बहुत ज्यादा तो नहीं कहना चाहता लेकिन इतना जरूर कहना चाहता हूं कि अगर आप यह समझते हैं कि चन्द एक आदमी, मैनेजिंग एजेंट्स ही इस देश की तिजारत को बेहतर ढंग से चला सकते हैं, तो आपका नुक्तेनजर मेरी राय में सही नहीं हैं। अगर आप का ख्याल हैं कि यह जो कौमी कारखाने आप बनाने जा रहे हैं या जो बन चुके हैं, उनमें तभी तरक्की हो सकती हैं और हमारी तिजारत बेहतर ढंग पर चल सकती हैं जब उनके लिए वे चंद आदमी आगे आयें और वह उनको अपने हाथ में लें, तो मैं समझता हूं कि यह एक गलत ख्याल हैं। जब तक आप हजारों आदमियों को इस देश की तिजारत में शामिल होने का मौका न दें और जब तक तिजारत में ऐसे आदमी होंगे जिन के हाथ में एक बंधी हुई ताकत हैं, उस वक्त तक मैं समझता हूं कि एक हिन्दुस्तान जैसे अन्डर डेवलप्ड मुल्क की तिजारत की तरक्की नहीं हो सकती हैं। अगर आप हिन्दुस्तान की तिजारत को तरक्की देना चाहते हैं तो आप उसे मैनेजिंग एजेन्ट्स या बड़े बड़े सरमायेदारों के जरिये नहीं दे सकते। आप को इस के लिये ऐसे हालात पैदा करने पड़ेंगे, ऐसे ऐसे आदमियों को तिजारत में ज्यादा से ज्यादा शामिल करना पड़ेगा जो आदमी इस देश की तिजारत की तरक्की में कुछ दिलचस्पी रखते हैं और उत्साह से काम कर सकते हैं। लेकिन आप यह हालात उस वक्त तक नहीं पैदा कर सकते हैं जब तक आप यह समझते रहेंगे कि ज्यादा से ज्यादा ताकत कम से कम आदमियों के

हाथों में रहनी चाहिये। आप यह देख लें कि टैक्सेशन इन्क्वायरी कमेटी की रिपोर्ट के मुताबिक अगर २० करोड़ रुपया सन् १९५१ में शेअरहोल्डर्स में तकसीम किया जाता है तो १० करोड़ रुपया कम्पनियों के मैनेजिंग एजेन्ट्स ले जाते हैं। अगर आप यह समझते हैं कि इस तरह से १० करोड़ रुपया ले जाने वाले लोग देश की ज्यादा सेवा कर सकते हैं, तो मेरा ख्याल है कि इस तरह से आप देश की तिजारत को जल्दी आगे नहीं ले जाना चाहते। इस लिये अगर देश का इन्डीस्ट्रियलाइजेशन होता है और उस इंडीस्ट्रियलाइजेशन में ज्यादा से ज्यादा आदमी शामिल नहीं होते तो हम अपने मकसद को हासिल नहीं कर सकते। मैं उन चीजों को दोबारा नहीं दोहराना चाहता जो कि इस चीज के हक में या खिलाफ कही गई, लेकिन यह कहे बगैर नहीं रह सकता कि जब तक आप का यह नुक्ता नजर रहेगा और आप यह समझते रहेंगे कि सन् १९६० तक और उस के बाद यह मैनेजिंग एजेन्ट्स हमारी तिजारत की ज्यादा से ज्यादा तरक्की कर सकेंगे, तब तक हम बहुत आगे नहीं बढ़ सकेंगे और आप का यह नुक्ता नजर मेरे ख्याल से गलत है कि जिन कम्पनियों में मैनेजिंग एजेन्ट्स का ज्यादा हिस्सा है वह सनतें तरक्की कर सकेंगी। आप ने यह देखा होगा कि जिन सनतों में मैनेजिंग एजेन्ट्स थे वह इतनी तरक्की नहीं कर सकीं जितनी तरक्की उन सनतों ने की जिन में कि मैनेजिंग एजेन्ट्स नहीं थे। इस लिये मैं समझता हूं कि जब तक आप इस चीज को खत्म नहीं करेंगे तब तक आप को बहुत कामयाबी नहीं मिलेगी। आप ने इस बिल में इस को कुछ कम करने की कोशिश की है, लेकिन मैं आशा करता हूं कि आप इस को जितनी जल्दी खत्म करने की कोशिश करेंगे उतनी ही इस देश की सनतों की तरक्की होगी। और देश भी हैं जिन में कि मैनेजिंग एजेन्ट्स नहीं थे। अमरीका में नहीं थे, बाकी जगहों में भी नहीं थे और उन देशों की सनतों में काफी तरक्की हुई है। इस लिये मैं खास तौर से हिन्दुस्तान ऐसे पिछड़े हुए मुल्क के वास्ते कहना चाहता हूं कि जब तक तिजारतों में ज्यादा से ज्यादा आदमी शामिल नहीं होंगे तब तक हम ज्यादा आगे नहीं जा सकते।

इस के बाद मैं कुछ गवर्नमेन्ट कम्पनियों की बाबत भी कहना चाहता हूं। आप ने इस बिल में बहुत सी पाबन्दियां दूसरी कम्पनियों पर लगाई हैं, लेकिन गवर्नमेन्ट कम्पनियों को उन से मुबर्रा किया है। लेकिन मैं समझता हूं कि अगर उन में भी कम्पिटीशन चलाना है, अगर तिजारत का दौर इस ढंग से चलाना है कि सरकारी कम्पनियां भी बेहतर और सस्ता सामान पैदा कर सकें तो उन पर कम्पनी ला के कानूनों की पाबन्दी लगानी होगी ताकि वह मुकाबले में आ कर अच्छा और सस्ता सामान पैदा कर सकें। इस लिये मेरा यह नुक्ता नजर है कि गवर्नमेन्ट कम्पनीज पर भी वह तमाम क्लाजेज लागू होने चाहियें, जो कि आप प्राइवेट कम्पनियों पर लागू करना चाहते हैं। अगर तमाम नहीं तो ज्यादा से ज्यादा लागू करना चाहिये ताकि उन का जो हिसाब किताब हो वह ज्यादा से ज्यादा लोगों के सामने आये और जो उन कम्पनियों को चलाने वाले हैं वह भी समझ सकें कि जब वह उन कम्पनियों पर बैठे हुए हैं तो वह उन के कस्टोडियन हैं और उन को देश के सरमाये का हिसाब हर एक आदमी को देना होगा। अगर उन में शेअरहोल्डर्स हैं तो उन को देना पड़ेगा और अगर शेअरहोल्डर्स नहीं हैं तो इस संसद के जरिये से देश को देना होगा।

इस के बाद मैं यह कहना चाहता हूं कि आप ने जो कम्पनी ला बनाया है उस की सफलता इस बात पर मुन्हसर है कि वह ठीक ढंग से एडमिनिस्टर हो। मैं जानता हूं और आप ने भी देखा होगा कि पिछले दिनों में, मैं बड़ी कम्पनियों की बात तो नहीं करता, लेकिन छोटी कम्पनियों में किस तरह से इस कम्पनी ला का एडमिनिस्ट्रेशन हुआ है। अगर उसी तरह से वह चलता रहा तो मैं समझता हूं कि कभी भी कम्पनी ला से इस देश की सनती तरक्की में मदद नहीं मिल सकती। तमाम चीज इस बात पर निर्भर करती हैं कि जो कम्पनी ला

[सरदार इकबाल सिंह]

को चलाने वाले हों वह अच्छे आदमी हों। अगर वह ऐसे आदमी हों जिन का किसी के साथ लगाव नहीं है, जिन के दिल में किसी के लिये हमदर्दी नहीं है, बल्कि इन्साफ पर चल कर वह फैसले करते हैं, तो इस देश की सनत आगे जायेगी। पहले क्या होता था कि किसी क्लर्क को पैसा दिया और लिखवा लिया कि यह मामला स्पेशल है और यह कम्पनी ला के ढंग से न हो कर इस ढंग से होगा। मैं समझता हूं कि आप ने बड़ी तफसील के साथ सब बातों को इस बिल के अन्दर लिखा है, लेकिन फिर भी पिछली बातें होती रहेंगी अगर कम्पनी ला को चलाने वाले इस ढंग से फैसले न करेंगे जिस में कि इन्साफ की बू आती हो। अगर इन्साफ से काम करेंगे तो बहुत ज्यादा सनती तरक्की हम कर सकेंगे। अगर इस ढंग से काम चला कि जिस में लोगों के साथ पार्शियैलिटी की जाय, सरकारी कम्पनियों का इन्तजाम इस नुक्ता नजर से किया जाय कि फलां आदमी की मदद करनी है, तो न तो कभी भी आप कम्पनी ला को एंडमिनिस्टर कर सकेंगे और न कभी आप कम्पनी ला के एंडमिनिस्ट्रेशन में और इस देश की तिजारत में लोगों का एतमाद पैदा कर सकेंगे जिस में कि ज्यादा से ज्यादा सरमाया लोगों का लगा हुआ है।

[MR. DEPUTY-SPEAKER *in the Chair*]

मैं समझता हूं कि बिल का बहुत अच्छा असर होने वाला है लेकिन साथ साथ मैं फाइनेन्स मिनिस्टर साहब से भी यह आशा करूंगा कि सेन्टर में तो आप बैठे होंगे, वहां पर कम्पनी ला के एंडमिनिस्ट्रेशन में कोई गड़बड़ी नहीं होगी। लेकिन अगर आप वाकई सूबों में अलग अलग ब्रान्चेज खोलने वाले हैं तो आप को यह देखना होगा कि जिन को छोटी छोटी कम्पनियों से डील करना है, उन में ईमान्दार आदमी रक्खे जायें जो बुनियादी तरक्की है वह मैं समझता हूं कि ज्यादातर छोटी छोटी कम्पनियों के ही जरिये होने वाली है, अलावा ५, ७ कम्पनियों के जो हमारे सरमाये से चलेंगी, सारा काम अलग अलग सूबों में प्राइवेट कम्पनियां ही करेंगी। अगर हम वहां पर आनेस्ट और ईमान्दार अफसर नहीं रक्खेंगे तो हमारी सनती तरक्की नहीं हो सकेगी और उन का कोई फैसला ऐसा नहीं होगा जिस से यह मालूम हो कि उन्होंने किसी के साथ हमदर्दी या रियायत नहीं की है।

Mr. Deputy-Speaker: I shall now call upon Shri Vallatharas to speak. He has given a motion for re-committal and it has been voted out. All the same, I shall give him an opportunity to speak. I shall give all the rest, who have not spoken on the Bill, an opportunity to speak in the clause-by-clause stage.

Shri Bhagwat Jha Azad (Purnea *cum* Santhal Parganas): I want an opportunity to speak.

Mr. Deputy-Speaker: I shall certainly give him an opportunity.

Shri Mulchand Dube (Farrukhabad District—North): What about my name?

Mr. Deputy-Speaker: All others who have not spoken will be given an opportunity to speak when we come to the clauses. We will shortly close for today. I request the Hon. Minister to start his reply tomorrow.

Shri U. M. Trivedi (Chittor): Are we not rising now?

Mr. Deputy-Speaker: We rise at 5-30 today. The Hon. Members will kindly be in their seats to give quorum to the House.

Shri Vallatharas (Pudukkottai): The entire ambition in the course of this legislation is to safeguard the money invested in the private enterprise and the welfare of the investors. The investors are practically the shareholders. As we know very clearly, this joint stock company system, ever since its inception, has got its inherent structure. I would call it as a three-tier structure. One is the managing agency system; the second is the directors; and the third is the shareholders. On this basis, over a century, this joint stock enterprise

alias private enterprise has been going on. On several occasions it has been pointed out that the shareholders have been the victims of both the managing agents and the directors all through these years. So, the fundamental and final conception is that the Bill will have served its purpose if the interests of the shareholders are preserved. But in view of the fact that the managing agency system is more or less a cancer in the body, the institution under this legislation is not capable of achieving its objects and aims. Differences of opinion on either side are very strong, and, as a matter of fact the Joint Committee devoted four days on the subject of managing agency, considering whether to retain it or abolish it; and it has loomed large in the discussion of the various parties that constitute the membership of this House. In principle, it is accepted that the managing agency system should go, but when some experts say that it may be continued for some time and given a trial, it is sought to be continued. In any event I join the ranks of those who before me have been ringing the death-knell of this managing agency system. It must go. I have no compromise with any other situation. But I shall confine for the present to the topic of shareholders.

The interest of the shareholders has received lukewarm attention on the part of the Government. They say that it must be safeguarded and to that extent so many restrictions should be placed over the management, whether it be managing agents or directors or whoever comes in the way of managing the company. Characteristically described by the Finance Minister, hedges are being put up around these investors and fetters are not put upon these private enterprises. What I should like to say is that there are so
5 P.M. many attempts to protect the shareholders. In a sense, hedges are being put up around them. But do the hedges stop the leopards and the tigers that have been devastating for the last one hundred years the entire industrial field and Without removing these wild creatures outside, what is the use of putting the hedges? Anyhow, things have come to a stage in the Bill and I will say something on behalf of these shareholders which may deserve the consideration of this House. Shareholders are even now....

Mr. Deputy-Speaker: There is a movement outside to preserve these animals for games.

Shri Vallatharas: Of course. Games preservation is also preservation of the national wealth of this country. So far as the shareholders are concerned, in the evidence taken before the Joint Committee, the representatives of the Bombay Shareholders' Association described the shareholders as a flock of sheep and so the managing agency system must exist. This is the exact sentence. This is his reason for not ending the Managing Agency system. Ever since 1936 onwards the Bombay Shareholders' Association had been agitating for the abolition of this managing agency system, and I cannot understand the rationale of the present representative of 1955 to say that this system may not be abruptly terminated and it may be given a further trial. Apart from that the shareholders still remain a flock of sheep in the strictest sense possible. I can point out several characteristic features about this. In spite of the efforts in the Bill to give them a chance for taking up the responsibility of the management of the company, certainly these provisions cannot go to a very great extent. I will state some of their drawbacks. The shareholder does not ordinarily take interest in the actual working of his company; his interest stops with the obtaining of the dividends; the shareholders are scattered over a very large area and it is hardly possible for them to combine and act against the management; the stationary rights of the shareholders in the affairs of the company are nullified by the fact that there is an intimidating financial barrier in the way of implementing their policy of direct section against

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the management; few shareholders have both the means and the tenacity to surmount it; and the shareholder is powerless against the directors.

In England, the majority of directors are neither supermen nor rogues, but well-meaning individuals. I need not describe what the managing agents here are. I am reminded of a criticism of Fielding about the modern prose-writers. He said that their heroes are rogues and their heroines are abandoned jades. So is the case with managing agents. In that way, the word 'rogue' has a great significance. I said, in England the majority of directors are neither supermen nor rogues, but well-meaning individuals. This is contained in the report of the Green Committee on the English Act of 1929 or so. Considering the Indian situation in 1936, so far as I can read the literature, criticisms, representations and memoranda that were submitted to the committee on the amending Bill of 1936, the managing agency system had not been referred to in kind words except the few who were interested persons, either as the managing agents or as those interested in the managing agents. They wanted to say that they were honest, very efficient and so on. Anyway, I am not at all happy with the constituent elements of that managing agency system which have been responsible for so many ills in this country. One critic observed that the shareholders, with their experience of the last 100 years, and under the present set-up of the managing agency system, viewed the Managing Agents are parasites.

Now, Sir, in order to give greater responsibility and incentive to the shareholders to have direct control of the companies, a suggestion may be made. I am not saying it on my own account, but I base it on an idea of the existing state of things in Holland. Holland, of course, is a country which is huming with industrial life. There the shareholders appoint a small body consisting of a few among them. That body is known as *commissarissen*. The function of this body is to supervise the activities of the management. Members are drawn mainly from the shareholders and the body has got the power to veto any act of the *Directeuren*. Therefore, there is an interim body: a small group of representatives that are elected or selected to represent the shareholders. These representatives have got the power of vetoing the management's acts. When vetoing is exercised, it is brought to the notice of the General Body which decides whether the vetoing was exercised properly or not. Under these circumstances, the shareholders are enabled to have a body which is vigilant in watching the activities of the management, in consulting the shareholders in some form or procedure then and there, in taking their instructions, and in acting in the interests of the shareholders. I submit whether such a system can be introduced here. Of course there are major shareholders' associations in Bombay and Bengal representing a number of companies; but in each company, the shareholders may have a representative group to represent them. Also, we should consider whether under the existing circumstances we may be able to give the power of veto to this small group. This of course will be a controversial question. But on the other hand there is no difficulty in statutorily providing for the existence of an interim group consisting of shareholders to directly watch over the management's activities. In that case there is a greater possibility of the vicious activities of the management being brought to the notice of the Government. Because in this Bill the Government is taking more or less a very great responsibility for looking after the activities of the management of the companies. My suggestion may be considered.

I will only deal with one aspect of the managing agency system, because almost all the points have been touched. Ever since 1867 up to this stage,

we should be cognizant of the three stages in the growth of this private enterprise. First stage: when English directors were unable to be present in India to conduct the affairs of their companies, managing agents were appointed by them. In the earlier stages directors were appointed; and later the managing agents themselves were at liberty to employ their own finances and also to promote or introduce other industries, according to their wishes. Thus, they got domination over the financial situation as well as the domination over management. But as years went on, their abuses became very great in 1913 there was a very great move against the managing agents. I mentioned the year 1867 because that was the time when the first Act was passed in order to limit the shareholders' liabilities to the shares subscribed by them. Afterwards so many amendments came, but the only legislation worth mentioning was in 1913. Even in 1913, the fundamental defect of the managing agency system was not at all pointed out by the legislators. Therefore, without any restraint of law and without any other check, the managing agency system was going on Second stage: in the year 1936 we come to another important stage in the history of this law. In 1936, the representatives of the various interested bodies submitted their memoranda and we have a voluminous literature. On that basis, the Government recognised the existence of this managing agency system and began to put some sort of restrictions over the managing agents.

The next Act after 1936 is the Act of 1951. The Act of 1936 failed totally in achieving the objective of the Government. All the things that the Government wanted to rectify, the managing agents were able to circumvent and they were able to conduct their business in a more aggravated manner. Third stage: in 1951, a new section was added in respect of the managing agents and after 4 or 5 years, we are in the present situation. The recognition of this institution in the eyes of law came about in 1936. After all, we ask what it has achieved? Even in 1936, the Bombay Shareholders Association, the Bengal Shareholders Association and so many other institutions demanded the total abolition of this institution. I need not go into all those details. Somehow or other, favour was enlisted on behalf of the continuance of the managing agency system. Dangerous criticisms were made against the managing agency system; but the managing agency system has not at all improved. On the other hand, they have abused their powers in still a worse manner.

One important factor that I should like to tell the House is that the managing agency system has outlived its purpose and utility. It is not at all necessary. Finances are available; entrepreneurs are available; men with technical skill and interested in the promoting of business in modern ways are available. The managing agency as a system is not necessary now.

The managing agents have promoted certain industries, no doubt. That is admitted. But, on the other hand, the mischief which this system has been able to do has been of a greater magnitude. I shall give you certain statistics which I came across. It is not of recent date. During the period of 15 years from 1923 to 1936, every year, some new companies were registered. Their average is from 400 to 850. In the year 1935, the number of new companies registered was about 1,055, and in 1922, it was about 400. Thus, we see that not less than 400 companies were registered every year on an average. The casualties during this 15 year period are worth noting. In 1935, the number of companies that failed rose to 885. Every year, on an average, the number of failures has been of the order of 400 to 855. So many companies were spoiled. I can say many things aside. Many memoranda were submitted; there were many approaches to this question, the quintessence of all of which was inefficiency, incompetence, malpractices, fraud, dishonesty, selfish-

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ness, circumventing of the law by the managing agents. There has been a habitual formation of a character in the managing agents during all these 100 years, a character that has been responsible for the failure of these companies by the promoters, managing agents or whatever they may be.

After 1936, we have ourselves seen the things. The situation has not improved. We know Wolsey said, "Had I but served God with half the zeal as I served my king" the matter would have been different. Had the managing agents thought about the interests of the country with half the zeal with which they selfishly wanted to gain profits, certainly, these companies 400 to 855 would not have failed. There would have been an increase in the number of companies and the mechanical devices, modern marketing; and all these things would have been there. The present situation would have been happier and more enthusiastic. Growth of enterprise has been benumbed, chilled, and crippled by the abuses of the managing agency system all these years.

On that basis, you are not going to improve or redeem a confirmed criminal by probation. Here is a man who has committed 10 murders, 15 dacoities and who has gone to jail 1,000 times and violated the law. In the fag end of his life, you want to improve him and say, you will be on probation for 3 months or 3 years, get yourself purified. I think it is impossible. This is a half-hearted measure, a jolting measure. Once the principle is accepted, the abuses that have been practised so long have been admitted, victimisation of the shareholders and abuse of the shareholders' money during all these 100 years is on record, where is the hesitation in ending this system at once? What will happen if the system ends? I read the entire evidence. Shri Magan Lal, representative of the Bombay Shareholders Association, said that to end the system all of a sudden may not be in the interests of the country. What are those interests of the country? The Hon. Finance Minister said that in the interests of the country, it should not be ended. The wish is there. Opinions differ. We respect the opinions of others. What is the interest of the country that is going to be lost by the abolition of the managing agency system? People speak that under the Bill honest men are not enabled to participate. Who are those honest men? Where is the list of honest men in the managing agency? From 1866 up till now, they could have given a list of honest men and dishonest men and shown that the percentage of honest men is at least one per cent. more, that is 51 per cent. It is but a sentimental clinging to certain corrupt institutions for which, by tradition, some have been cultivating a certain prepossession. There is nothing but that. In this view, I submit that the Government's decision in this matter is halting halfhearted.

I have read clauses 323 to 329. It is a veiled matter. It is better that we come out openly and say either we retain it or we do not retain it. If we read clause 323, it says that by 15th August 1960, in certain classes of industries the managing agency will be terminated. If you go to the other clauses, it is said that even though terminated, the managing agency can be permitted in the institutions in which it has been prohibited, by the Government. The meanings are very subtle. On an analysis of clause 323, if the Government could give a list of industries in which the appointment of managing agency is prohibited, and those in which power may be given to appoint managing agents, it will be better. I must tell one important matter. In all these things, Government will have to state at least for the information of the House in what classes of industries they think it is proper and desirable to prohibit the managing agencies. The cotton textile industry, coal industry, jute industry and the tea industry, are industries in which all these 100 years exploitation and pil-

fering has been going on. In these four industries, managing agency must be put an end to. At least in the textile industry some reform must be effected. Shri Maganlal said in his evidence that about Rs. 80 crores have been taken away by more than 40 managing agencies. If Rs. 80 crores had been abused, there is no justification for retaining the managing agency system. Much has already been said on this matter. I do not want to multiply the number of cases.

There is a view that this Bill is based on the English law. Even in 1913, it was based on the English law of 1908. When England wanted to revise and overhaul the provisions according to their changed conditions and their future requirements, it enacted a law in 1929, totally repealing the Act of 1908. We slept from 1913 to 1936 without attempting any reform in the company law. In 1936, we simply copied the provisions of the English law. What is this Bill? Without any disparagement to anybody who participated in the making of it, 99 per cent. of the entire Bill is only on the basis of the English law. In England, honest men, no supermen, no rogues, took part in the company work and provided for the growth of industry in the light of world expansion and in the interests of the welfare of their society. We have been imitating others and even in 1955, it is deplorable to see that we have imitated to a certain extent the law in England, without regard to our essential requirements.

One factor I would offer as a challenge. The Hon. Finance Minister had said that the structure of the Company Law is maintained, and that the role of private enterprise is maintained in spite of all that has occurred so far, we have succeeded in keeping the structure intact and succeeded in keeping the role of private enterprise intact. The 1867 structure and the role of private enterprise have been kept intact with some modifications and amendments. Is it a glory, I ask, for any legislative body to say that an antiquated structure of 1867 is preserved in 1955 intact with some pruning and cropping of certain superfluous matters? I do not see anything happen in that. If you are to introduce the reform, we have to see what we have done. In the year 1948, this institution of joint enterprise was recognised in the Industrial policy resolution. In 1950, the Planning Commission in its draft report had stated that the joint enterprise, if at all it must survive, it must justify itself by evolving a new role, and by evolving a new code of business. These are the two important factors, because these are the fundamental things on which our prosperity in the present and in the future is to be built. So, we place our faith in the industrial policy and the Planning Commission. Because the Planning Commission did not believe that the existing managing agency system or private enterprise was on a propitious or a better footing, they wanted their role to be renewed, the discipline to be renewed. And what is the discipline and role renewed under the Bill? I do not know! There is nothing. Simply the Bill has put hedges around shareholders and then has let loose the managing agents and their partners to roam about. So, the Planning Commission's requirements are not at all met with in this Bill. On the other hand, a more refractory and more reactionary measure has been brought in, in which the old antiquated structure and mechanism are still allowed to exist. Under the circumstances, private enterprise cannot go on. The Finance Minister was pleased to say, the private enterprise is limited in more than one sense. First, it is limited only to the sphere where the public sector does not come in. This is one limitation. Secondly, the managing agency system as it is, is baneful. We will give it a trial and if it does not succeed, it will be abolished. Therein lies the halting nature, therein lies the half-hearted nature of the measure. My suggestion is that, whether the present structure remains or is altered, the shareholders should have a small representative body of their own on a statutory basis just to watch vigilantly the

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activities of the management and submit it to Government, because Government has assumed control and responsibility for everything. Under the circumstances, I submit that the shareholders' position may be emboldened.

Another point is that the managing agent is given the power to nominate not more than two directors. As it is, the structure of the share capital is not merely the conception of ordinary shares and preference shares. The structure of the capital is the mutually conflicting capital of the managing agent which gives him a place and the capital of the independent shareholders who are exploited by him. How are we going to dilute the managing agent's capital in it or convert it in such a way that it will also assume the role of independent share capital to be ranked along with the others? In the new system of capital structure there is a thorough revision and the managing agent is now an employee. He is paid, his terms are prescribed. He can be nominated or dismissed. Once he becomes an employee, why should he be given the power of nominating directors himself? What is the underlying purpose? In some companies his shareholding is very small; in some others it is larger, say 51 per cent.; but what is the criterion on which he is given this power. This power of nomination has been in existence since 1867 and deliberately designed for the fundamental crippling of the rights of the shareholders. The Government wants to have some supervisory power. On this I congratulate them and agree to the fullest extent. Except for this, the rest should be left to the shareholders themselves. The management inside belongs to the shareholders and there must be no fetter on them from within or without. The managing agent, must be on a par with other shareholders to the extent of his shares. To the extent it is guarded by the State by legislation I do not object to any representation which the Government wants. Even if the Government takes it entirely, I do not object. It would only amount to nationalisation.

What is the reaction to this Bill on the part of the so-called capitalists and industrialists in this country who are managing agents *prima facie*. Government spokesmen in many of their speeches have said that the private sector must rise to the occasion and work out the second Five Year Plan. I do not want to give names, because the names are very big.

Shri V. P. Nayar (Chirayinkil): No, no.

Shri Kamath: Just one or two names.

Mr. Deputy-Speaker: Names need not be referred to.

Shri V. P. Nayar: Names of firms can be referred to.

Shri Vallatharas: Even after condemnation for several years by large section of the society they survive. That is their strength. The tradition is that if several lakhs of people or numerous people cry down a man, he will die or suffer. Here, these people are immune.

Mr. Deputy-Speaker: All that I wanted to say was that individual names need not be brought in here.

Shri Vallatharas: I have not said anything about individuals or companies.

Mr. Deputy-Speaker: Managing agencies can be referred to.

Shri Vallatharas: These people have presided over conferences of Chambers of Commerce or other meetings and have made declarations publicly. There is no secrecy about it. You would have read the reports. They have given a warning to the business community. They have said: "We do not want any guarantee from the Government. This Government may say so today, but another Government may say differently tomorrow. We should be on our guard and adjust ourselves to the changed con-

ditions. In this country every one wants to enjoy as a capitalist. All of us must become capitalists". How that is possible I do not know, but that has appeared in the papers. This array of disciplined army of vested interests will always circumvent the Law. They will come and cajole the Government. In their presence, it is very difficult to extricate ourselves, and in order to extricate ourselves, the farther away we are from they the better. Whether it is possible or not is a different question. Our past has a capitalist tradition. Therefore, we must transform ourselves to the level of a mass man and see whether the directive policies of the Constitution are followed or not. It is only in this way I submit that the capitalists, industrialists and vested interests who have openly expressed their ideas and given a warning to the business community...

Shri V. P. Nayar: May I rise on a point of order in regard to procedure? You may remember that the Hon. Member, Shri Vallatharas, had given notice of a motion for circulation and you were good enough to call upon him to give his explanation why that motion was necessary. I consider that this is a case in which the Hon. Member has taken the opportunity to speak on it at this stage of the Bill. I would seek your guidance and ruling whether permitting him just now would amount to a precedent in this House. I am strengthened in this because the other day you yourself gave a ruling and expunged the speech which was inadvertantly made by Shri Barman. It is confusing from the point of view of procedure.

Mr. Deputy-Speaker: Why confusing? Even if it is not confusing, I must set it right.

Regarding the point of order, I definitely asked the Hon. Member who tabled that motion to confine his remarks only to satisfying the House as to why there should be circulation or re-committal. On that small issue alone he was given an opportunity to speak. That was put to the House immediately and thrown out. Therefore, this is not a second time. He had no opportunity to speak on this Bill.

Regarding Shri Barman, he had spoken on the Bill and himself was not aware that he had spoken at an earlier stage. Therefore, as soon as it was brought to my notice. I drew his attention to it. He was sorry that he had spoken inadvertantly. Therefore I said there cannot be two speeches on the same Bill.

Then, the Hon. Member is a little too late. He must have raised it a little earlier.

Shri V. P. Nayar: A point of order can be raised at any stage.

Mr. Deputy-Speaker: Very good. But it can also be over-ruled. I overruled it.

Shri V. P. Nayar: My difficulty is...

Mr. Deputy-Speaker: There is no difficulty. I have given my ruling. How can I go on explaining.

Shri V. P. Nayar: Nor do I question your ruling. I only want a clarification.

Mr. Deputy-Speaker: No question of clarification. I have given my ruling. I have spoken in English, not in any other foreign language.

Shri Vallatharas must conclude.

Shri Vallatharas: We cannot place too much reliance upon these vested interests for the execution of our Plans. They had spoken out their mind openly that if the present Government is not able to solve the problem of unemployment and poverty, it must end. Suppose the Government is not able, who is able in this country I ask. There are two ideologies one against the other, but otherwise there is practically no difference, despite the existence of rival political parties. Who else is going to see that these questions of unemployment and poverty are solved? Is it the capitalist? I have read a lot of literature about it. They think they are thought of by the Government as the chief instrument which will solve these problems of unemployment and poverty

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by working for the success of the Second Five Year Plan. Let them work, for they must work; or else they cannot have a place in this country. That is quite definite. I would like to suggest to Government that their dependence on these industrialists and vested interests, which as I see from day to day, is growing; it should become lesser and lesser day by day, so that they may also know that Government as a representative institution of this country does not place any reliance at all on them. So, the question whether unemployment or poverty is solved or not is a different question altogether; the main question is that a democratic form of Government must certainly get through in spite of all the ills that are bound to exist. And if they do not help us to remove these evils, certainly they cannot have a place in the country, and it is no use simply saying that Government may not have a place in the country.

Under these circumstances I submit that very great implications are underlying this Bill: social changes, political changes, our futurity, our present, our welfare, etc. So, a careful solution is necessary for this problem. But for the endeavour of the Hon. Finance Minister on the other day, the Congress Parliamentary Party would have been able to say that the managing agency should be abolished. I would appear to Government to revise their policy, and see what best can be done.

Shri C. D. Deshmukh: After these 25 hours of debate, I feel more than ever convinced that by and large the scheme put forward by the Joint Committee is the best in the circumstances.

Mr. Deputy-Speaker: The Hon. Minister may continue his speech tomorrow.

MESSAGE FROM RAJYA SABHA

Secretary: Sir, I have to report the following message received from the Secretary of Rajya Sabha:

> "In accordance with the provisions of sub-rule (6) of rule 162 of the Rules of Procedure and Conduct of Business in the Rajya Sabha, I am directed to return herewith the Indian Tariff (Amendment) Bill, 1955, which was passed by the Lok Sabha at its sitting held on the 26th July, 1955 and transmitted to the Rajya Sabha for its recommendations and to state that this House has no recommendations to make to the Lok Sabha in regard to the said Bill."

The Lok Sabha then adjourned till Eleven of the Clock on Friday the 19th August 1955.